

Highest paid now earn less after tax than in 1950s

Major incomes in Britain are in decline, with after-tax salaries worth less now than at the end of the 1950s, according to "Higher Incomes from Employment", the

third report of the Royal Commission on the Distribution of Income and Wealth. An addendum to the report urges greater rewards for management.

Government hint of review

By Tim Coogan
Economics Staff

Top incomes have fallen in recent years. After tax, salaries at the highest level have fallen

keep up with inflation and now worth less than at the end of the 1950s.

A gap between the highest average incomes has narrowed consistently since then and there are signs that trend has been accentuated in the past two years.

are the main themes of the report, *Higher Incomes from Employment*, of the Royal Commission on the Distribution of Income and Wealth, chaired by Lord Diamond. The report, a follow-up to earlier reports on distribution of income and wealth, and on income from unearned sources, was published yesterday.

In answer to a parliamentary question yesterday, Mr. Wilson said the Government was considering the implications of the report for policy towards higher incomes. But he said there was no question of modifying the current period of pay policy the mitigation on increases in income above £8,500.

But he also said that the Government would review the recommendations made in December 1974 by the Top Salaries Review Board on higher salaries for chairman and board members of nationalised industries. Increases proposed at that time were deferred by the Government.

The terms of reference given to the Commission did not require it to make recommendations about policy, and the report itself is extremely factual. But three of its members, Sir Neville Dinterworth, Mr. Roy A. Cox and Mr. Leslie Murphy—all of whom come from a business background—have signed an addendum on the need for adequate rewards for management.

The addendum notes that many witnesses to the commission drew "attention to the crucial part which the top management of industry and commerce must play if the creation of additional income is to be accomplished". It continues: "If rewards continue to be reduced, willingness to take risks and promote enterprises will correspondingly be inhibited."

At a press conference yesterday, Lord Diamond said that all members of the commission felt that the main body of the report was balanced. He described the addendum, which was commonly referred to as "the minority report", as differing from the report proper only in emphasis.

The report finds that real earnings for top management at the £10,000 a year level declined between July 1969 and July 1975 by 17 per cent, and at the £20,000 a year level by 10 per cent. Moreover, the fall was mainly concentrated in the two years ending July 1975.

The commission also notes that this decline in real incomes has been accompanied by a compression of differentials. Between 1969 and 1975 the ratio

before tax of the top to the bottom of the management structure, that is, from the full-time director to the foreman, was reduced from 8.75 to 7.05 times and after tax 5.11 to 3.88 times.

The commission considers that after making adjustment for tax and price differences, United Kingdom remuneration for comparable management jobs is about 70 to 75 per cent of that in Germany and about 50 to 60 per cent of that in France, Canada and the United States. But United Kingdom remuneration was roughly comparable to that in Australia and the Netherlands and may be above that in Sweden.

But the report says that United Kingdom differentials between equivalent steps in managerial careers are not substantially out of line with those in other countries, and it also observes that this country is not alone in exhibiting a trend towards reducing the gap between the pay of higher and lower managers.

The evidence confirms the popular belief that fringe benefits are an important source of income for senior managers, but it does not show that they have constituted a rising proportion of executive emolument and they do not invalidate the commission's main conclusions on the decline of top incomes.

Summary of report, page 26
Brain drain fear discounted, page 25

Tory says excessive taxes drive Britons from avoidance to evasion

By Our Political Staff

Britain may be approaching the breakdown of the "contract" of straight dealing between taxpayer and tax collector, says Geoffrey Howe, QC, Conservative spokesman on Treasury and economic affairs, said in Nairobi this morning.

"The flight from taxes (threatened or in being) that are widely regarded as excessive is driving people from avoidance to evasion", he said.

There was a growing awareness in Britain that "cash dealing" was becoming widespread, at street trading was proliferating, and that capital was being spent on objects of art, or luxury cruises.

He said Britain had very high rates on income, with a massive income tax to collect them even on those with very modest incomes. "It should not sur-

prise us if we face a breakdown of trust and understanding between taxpayer and tax-gatherer."

Mr. Geoffrey Howe was opening a session of the international tax conference in Nairobi, said the pursuit of an enormous number of different objectives through tax policy had landed people in "a whirlwind of legislation."

He continued: "Politicians are constantly seeking for an apparently less painful or less destructive method of financing an unbearably high spending programme. At the end of the day disguise becomes impossible."

The whole structure had also been subjected to the violent stress of inflation. Tax thresholds meant to protect the lower-paid now caught at the heels of those deemed poor enough

to qualify for welfare payments, while at the upper end of the income scale, "a poisonous brew of high marginal taxes" meant that some people were paying far more annually in taxes than they received in income.

"There is a growing risk of diminishing return to the Exchequer, except upon the basis that the Exchequer procures, through the process of inflation, a dishonestly increased yield. And that, in turn, provokes the citizenry to greater dishonesty towards the tax collector."

"For how much longer, I wonder, will the official guide to the British taxation system contain the bland assertion that 'the system is generally held in good repute and has a result that is relatively little abused'?"

Spain to adopt universal suffrage in 1977 election battle

From Richard Wigg
Madrid, Jan 29

Spain will have general elections based on universal direct suffrage in the spring of next year to elect the Lower House of a new two-chamber Parliament. Señor Manuel Fraga Iribarne, Deputy Prime Minister and Minister of the Interior, told *The Times* in an interview today.

Before this year is out, the Spanish people already should have taken part in a referendum to approve the setting up of the new parliamentary system replacing the present Cortes. They will pronounce at the same time on a second con-

stitutional reform affording Spain's newly restored monarchy.

Universal suffrage also will be used next November when, in a "trial run" for next year's political battle, Spaniards will, for the first time since the Republic, choose their municipal councillors, half of whom are due to retire throughout the country.

"The referendum should be this year, within 1976", Señor Fraga emphasised in outlining the Government's timetable for the Cortes to approve the programme of reforms announced yesterday by Señor Carlos Arias, the Prime Minister.

In the interview, Señor Fraga clarified several points on the vague promises of liberalisation Señor Arias made yesterday, thus reviving the hopes of a firm lead towards a democratic Spain.

While Señor Arias showed himself willing to compromise with the right-wing forces opposed to change and entrenched in General Franco's largely hand-picked Cortes, Señor Fraga evidently considers that an appeal to the country through the referendum would enable the Government's liberal ministers to redress the balance in favour of reform.

With his speech yesterday, a retreat on that made in February, 1974, while the country's expectations have leaped ahead, the present Prime Minister may have outlived his role.

On the key issue of the right to hold a public assembly and demonstrate, on which Señor Arias merely promised to send a Bill to the Cortes, Señor Fraga indicated that when the measure is approved the organisers will only need to advise the authorities and not seek prior permission.

"They will not have to ask anyone, because their right to meet will be guaranteed," he declared. Señor Fraga pointed out that Señor Arias had not

mentioned introducing any new law when he talked of improving state security. The Interior Minister therefore denied there was a risk that new measures could once again restrict the right to assembly.

Explaining the decision to give the Cortes a further 18-months' lease of life, Señor Fraga said that the June 30, 1977, date given by the Prime Minister was the absolute time limit in order that a new Lower House could be installed by then, a general election would have to be held some time from April.

Continued on page 2, col 2



Miss Libby Howie, aged 24, Sotheby's first woman auctioneer, conducting a sale of nineteenth-century and modern prints yesterday. She joined the firm in 1973 from Cambridge University.

Mr Healey promises aid soon for jobless

By Hugh Noyes
Parliamentary Correspondent
Westminster

Another wide-ranging package of measures intended to reduce unemployment will be announced by the middle of next month, Mr. Healey, Chancellor of the Exchequer, told the Commons yesterday.

Fighting to stave off an embarrassing split in Labour's ranks over last month's rise in the unemployment figure, Mr. Healey opened the unemployment debate with a plea to the nation not to lose its nerve at a moment when economic recovery was in sight.

The Government carried the day at the end of the debate by 234 votes to 25, a majority of 209.

Although little that the Chancellor said was immediately cheering to the unemployed, he ruled out reflation and general import controls—he went some way towards appeasing most Labour MPs by conceding that something needed to be done well before the Budget, which is expected about the middle of March.

But he said there was nothing any Chancellor could do now to reduce unemployment significantly this year. To his critics who complained that he should have acted in last April's Budget, he said the intolerable

increase in wage inflation ruled that option out and any further stimulation would have brought the whole economy down to ruins.

The measures to be announced next month would be aimed at protecting existing jobs and providing new ones. They would include an extension of the temporary employment subsidy to save workers from redundancy and an extension of the recruitment grant to help the recruitment of new staff.

Mr. Healey said the Government was looking at various measures to encourage greater industrial investment, including a further £50m in aid for worthy investment and modernisation projects. The projects would include schemes below the £500,000 threshold.

Speaking of the coming Budget, he removed one impediment to investment by announcing that the relief for tax liability on stock appreciation would be continued: there was no question of its being phased out.

Continued on page 2, col 4

Compensation pledge to cod fishermen

By Roger Berthoud

The Government has decided to compensate the disappointed British trawlermen off Iceland for their loss of earnings during the search for a solution to the cod war. The cost is expected to be about £100,000. It will cover the period from January 24, when Mr. Wilson began his talks at Chequers with Mr. Hallgrímsson, the Icelandic Prime Minister, to February 4, when the talks ended.

Announcing this in the Commons yesterday in answer to a question from Mr. Patrick Wall (Conservative, Ealing), Mr. Peart, the Minister for Agriculture, Fisheries and Food, said: "Despite the difficult conditions they face, I am asking the trawlermen to remain on the ground and resume fishing."

Mr. Peart's decision came at the end of a confusing day in which the trawlermen had twice sent messages demanding protection and compensation for their enforced idleness, while at the same time stating their opposition to the Government's proposal to resume fishing south from their original position north-east of Iceland.

Meanwhile, Reuters reported that the Icelandic gunboats Tyr, Odinn and Aegir had been ordered not to harass the trawlers, and so endanger negotiations between the two governments.

In his message to all trawler skippers and crews, Mr. Peart asked them "to keep the situation cool", to haul in their gear if challenged and to observe instructions from the defence commander (on board the protection vessel *Lloydsman*).

The Icelandic Government, he said, was considering the proposals discussed by the two Prime Ministers at the weekend. "We cannot guarantee cooperation to these difficult times is appreciated."

It is still not clear when Mr. Hallgrímsson will give his reply, but it may not be until the weekend.

The British Trawlers' Federation welcomed the Government's compensation offer. "We think the skippers will now go back," a spokesman said. "We think this offers the solution. The one impediment remains the behaviour of the gunboats."

Marcel Berlins writes: A provisional international ocean regime should be set up to regulate fisheries and deep-sea exploration pending a Law of the Sea convention, the Labour Party proposes.

A policy statement issued by the party's national executive committee points out that it would be some time before any international convention came into force. (The next session of the Law of the Sea conference begins in New York in March.)

NGA agrees to talks over Fleet Street technology

By Tim Jones
about Staff

Hopes of discussions between management and unions to restore the ailing fortunes of Fleet Street rose yesterday with the decision of the National Association of Newspaper Editors to join the talks.

The decision means that only a Society of Lithographic Artists, Designers, Engravers and Process Workers is continuing to boycott the discussions, impelled by the need to introduce new technology into the industry.

Mr. Joe Wade, general secretary of the NGA, said yesterday that his union's recent affiliation

to the TUC, with a trend of better understanding between the printing unions, had encouraged his executive to take part in the talks with the Newspaper Publishers Association.

As the unions and the NPA have not yet started talking specifically about the introduction of new technology, Mr. Wade thought that his union would be able to contribute at a formative stage.

Last night Mr. John Le Page, labour secretary of the NPA, said: "Clearly newspaper management will be extremely pleased by the decision, particularly as the NGA will be intimately involved with the introduction of new technology."

Liberals defend Mr Thorpe over allegations

By George Clark
Political Correspondent

Mr. Cyril Smith, Chief Whip of the Liberal Party, moved swiftly into action yesterday after the publication of the report into the London & County Securities bank collapse, and the court case in Barnstaple, Devon, in which Mr. Norman Scott, aged 35, made an allegation about his relationship with Mr. Thorpe, the leader of the Liberal Party, sometime in the past.

Mr. Thorpe was a non-executive director of London & County, and he said that the Department of Trade's report into the bank's affairs had revealed to him many matters of which he had no previous knowledge and which he found "deeply shocking".

Mr. Smith said that the

Parliamentary Liberal Party was already aware of those cases, but still remained solidly in support of Mr. Thorpe as leader.

Referring to the Barnstaple case, Mr. Smith said: "I consider that the allegations are totally irrelevant to the issue of the leadership. They are so ludicrous, when you consider them, that they would have the effect of strengthening Mr. Thorpe's position, rather than weakening it."

"The whole thing is ridiculous. If a man can go into court and blacken another man's character and the press are entitled to publish it, then there seems to be something wrong with our judicial system."

Cautionary tale: Mr. Thorpe's venture into secondary banking

was described as "a cautionary tale for any leading politician" in the Department of Trade report on London & County Securities published yesterday.

Mr. Thorpe was a non-executive director of London & County from May, 1971, until his resignation in December, 1973, when the "fringe" bank had to be rescued by consortium of City institutions.

Its collapse, after months of adverse publicity over its second mortgage business and the steady rise of its share price, initiated the secondary banking crisis which badly shook the City to its foundations.

The Department of Trade report on the rise and fall contains three allegations of fraudulent practice on the part of its chairman and main architect, Mr. Gerald Caplan.

In his evidence to the inspectors, Mr. Thorpe, who was appointed a director at Mr. Caplan's suggestion, refers to the "genius and drive" of the chairman, which led to his colleagues on the board giving him "a very wide measure of discretion". In his personal statement yesterday, Mr. Thorpe accepts the inspector's conclusions.

"The inspectors are perfectly right in their statement that I, and the other members of the board of the parent company, proceeded on the footing of reposing total reliance and faith in quarters where it is now, alas, too clear that that reposing of reliance was wholly misplaced."

Court case, page 2
Inspector's report, page 23

Chrysler strike talks deadlock

The Government's rescue of Chrysler UK is in jeopardy because of a continuing strike by 6,000 workers at the Lincoln car plant in Scotland. After talks failed to resolve the dispute yesterday, Mr. Don Lander, Chrysler's chief executive in Britain, said the rescue agreement, which depended on a stringent "no strikes" clause must be regarded as being "in question".

Torture safeguard

A law to protect prisoners against torture has been passed by Chile's military rulers. It provides for medical checks before entering prison and again on leaving.

Indian press curbs

A Bill giving the Indian Government wide powers to prevent publication of material it considers objectionable for the state of emergency and censorship are being passed by Parliament in Delhi.

Four questioned on Wilson papers

Detectors at Cannon Row police station, London, last night questioned four men about the disappearance of Mr. Wilson. One was Mr. Terence Nichols, who in December handed papers to the police after saying he had paid £2,500 for them.

Sahara withdrawal

An Algerian Army unit taking aid to the Polisario Front, the Saharan independence movement, has had to withdraw after coming under heavy Moroccan bombardment.

Syrians in Lebanon

The Syrians are imposing their will in Lebanon, after their intervention which ended the civil war. But they have made clear that they intend to rebuild the Lebanese state.

Spreading the arts

The Arts Council is to give more power to regional associations under a reorganisation plan spread over several years.

'Loyalists' decide strategy today

The Protestant coalition members of the Ulster Convention are to decide today whether they will allow more flexibility on the matters they may discuss with minority parties.

Regional warning

The North West Economic Planning Council has warned the Department of the Environment that favoured treatment for the proposed Scottish and Welsh assemblies may lead to the formation of a "power block" of English regions.

Country buses

An independent bus operator wants private companies to combine to run services on routes inefficiently worked by nationalised companies.

Greek EEC entry

The European Commission yesterday opposed Greek admission to the EEC in the near future but recommended a preparatory period with Greek access to its social, regional and agricultural funds. Athens reacted angrily, saying it would wait to see what the EEC Council of Ministers had to say.

Tory shake-up: Mr. Anthony Garner is to be the new director of organisation at Conservative Central Office.

Whisky shortage: A Scotch Whisky Association expert said that Britain may face a severe shortage by the 1980s.

Mediterranean: A "framework convention" to protect the sea from pollution is expected to be approved at a Barcelona conference.

Out of Town: A Special Report on the relocation of offices and industry.

Features, pages 12 and 16
Peter Hootesay on Lord Radcliffe: Dennis Walters and Ian Gilmore point to the dangers of depending on Arab disarmament. Mr. Tony Smith discusses multiple sclerosis.

Leader page, 17
Letters: On Russian reaction to Mrs Thatcher's speech, from Mr. Edward Lyons, QC, MP, and Sir Peter Tennant; on the Ben-Bach land deal, from Mr. J. M. Guthrie.

Leading articles: Obsecenity laws; High salaries.

Arts, page 13
David Robinson on the Film Noir; Irving Wardle on *Comedians* (Wyndham's Theatre); William Gumbao on a neglected period of Japanese painting.

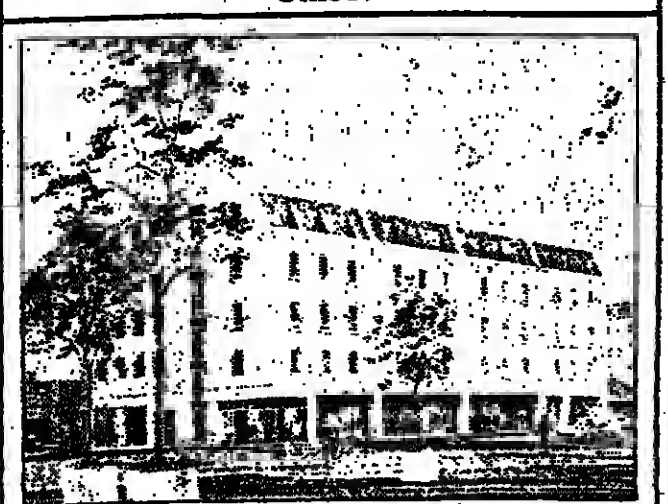
Sport, pages 10 and 11
Cricket: John Woodcock discusses the prospect of South Africa returning to the international scene. Football: Norman Fox reports on Sheffield Wednesday's new-style training programme.

Business news, pages 22-28
Stock markets: Cills dominated again but the FT 100 put on another 4.1 to 408.7, a two-year high.

Financial Editor: A new animal for investors; British Sugar after the crop failure; General overseas gains.

Business features: The Royal Commission on Incomes discounts fears of a new brain-drain; Tim Coogan's *Business Diary*; Rodney Leach moves out of N. M. Rothschild's and British Transport Hotels loses its chairman.

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HOME NEWS

Warning that English regions may form a devolution 'power block' stretching from Mersey to Humber

From John Chartres
Manchester

In the most outspoken attack on the devolution proposals made so far by an English region, the North-West Region warned the Government yesterday that a "power block" stretching from the Mersey to the Humber might emerge in opposition to any specially favoured Scottish and Welsh assemblies.

The North-West Economic Planning Council, which led regional opposition to devolution proposals more than a year ago, has sent a letter to the Department of the Environment containing a virtual ultimatum to the effect that unless there are built-in safeguards for the English regions on the equitable sharing of financial resources the North-West will probably link itself with Yorkshire and Humberside and "demand the same rights and duties as Wales and Scotland".

The letter is signed by Mr Keith Beaumont, a civil servant who acts as secretary to the 30-member economic planning council representing local authorities, industry, trade unions and educational establishments in the region. It says: "If the present proposals for Wales and Scotland go through, the council believe that, at the very least, the allocation of public expenditure resources to the English regions should be made in accordance with the same criteria and standards as are used for Scotland and Wales and the same open way—including debate on the floor of the House of Commons—so that justice may be done."

It does not happen the Government may well encounter devolution demands from some of the English regions acting in concert. The North-West could link with the Humber and demand the same

rights and duties as Wales and Scotland. The North-west and Yorkshire and Humberside have the joint potential to become the most important region not simply of the United Kingdom but of the European continent.

At a press conference in Manchester yesterday the chairman of the planning council, Mr William Sifton, who is also the Labour Party leader and chairman of Merseyside County Council, said a linking up of northern local authorities and planning councils between the west and east coasts would be inevitable if devolution went ahead without proper financial safeguards for the English regions.

"If that happens, there will be no doubt in my mind that there will be a demand for the same kind of powers as those given to Scotland and Wales," he said. "There will be a demand arising out of economic necessity for some kind of political control."

It would be the most important region in the whole of the European mainland. The hope it does not become necessary, because it would be the greatest tragedy the United Kingdom has seen: it would really turn Scotland and Wales into peripheral regions."

Mr Sifton, who, like Sir Robert Thomas, Labour leader of the Greater Manchester County Council, has propounded the "west-east strategy" creating a cohesive region of more than 10 million people on several occasions, said informal discussions had taken place between the North-West and the Yorkshire and Humberside economic planning councils. Talks had also been held with the North-Western groups of Labour and Conservative MPs, and he had not encountered any support for the present ideas on devolution.

The essence of the letter sent

to the Department of the Environment, which was approved unanimously at a meeting of the thirty members of the North West Economic Planning Council, is that a cheaper and more effective strategy would be to decentralize more government activities through the existing local authorities, which could group together in consortia and again take control of such functions as water, electricity and gas supplies and agree on regionalization of police forces.

The letter to the ministry also suggests that the regional economic planning councils and planning boards should be strengthened. In Mr Sifton's view, that would mean increasing the elected members from local authorities on the planning boards from a third to two-thirds, having representatives from all government departments on the planning boards and appointing regional ministers, preferably of Cabinet status.

Last week the Northern Economic Planning Council suggested that special measures would be necessary to safeguard the region's interests if devolution was introduced. It said it was widely believed in the region that Scotland and Wales already obtained a disproportionate share of national support, and it was feared that that would be increased by the devolution proposals. The council called for a much stronger regional and coordinating body.

Mr Sifton said yesterday that Wales was really two distinct regions, north and south. The economic prosperity of North Wales, he suggested, lay not in Cardiff but in the Mersey belt. Copies of the North-West letter have been sent to all MPs and local authorities in the region.



Mr Timothy Severin with his leather-hulled currach, Brendan, in which he intends to sail from Ireland to North America by way of Greenland to test a theory that Irish missionaries discovered America about AD500.

Warning of damage to rail system

By Our Transport Correspondent

Constraints imposed on the railways by the economic situation may cause serious long-term damage to the system, Sir Richard Marsh, chairman of British Rail, said last night.

While the future of the railways was still to be decided one thing was clear: there would be more passengers and freight to be moved than ever before, with worse road congestion, overfilled airplanes, and an overall need to conserve energy.

In the 1976 convocation lecture to the City University in London, Sir Richard said that by the end of the century he could foresee the railways integrated into a complex and advanced transport system, making a significant contribution to the quality of life.

"We have a responsibility to the nation not to allow a valuable national asset to be wasted, and the longer-term dangers to the taxpayer of allowing our investment needs to be ignored are very considerable indeed," he said.

Climber honoured

Mr Douglas Scott, a member of the British group that climbed Everest last year, has been honoured by his home city of Nottingham in recognition of the achievement.

Reprints planned for Lovelace book

By Michael Horsnell

Plans to reprint *Inside Linda Lovelace*, the sex book that has just been cleared of obscenity charges at the Central Criminal Court, were announced by its publisher yesterday as demands grew for toughening the law on obscene publications.

Mr Johannes Hanau, aged 66, the publisher, who told me after the case that he will have two more books by Miss Lovelace available for publication, said the original will be reprinted in stages of 50,000 a time, though he does not expect it to be a "big seller".

The book was not available at sex bookshops near Mr Hanau's publishing company in Soho yesterday, and booksellers expect a two-week delay before it is.

One said: "I don't know what the fuss is about. We've got a lot better stuff here than that. But a lot of people are asking for it now."

However, the implications of Mr Hanau's acquittal on Wednesday night spread far beyond the porn centres of Soho.

The case will be studied by Mr Silkin, QC, Attorney General, and Sir Norman Skelhorn, QC, Director of Public Prosecutions. Reports by the police on their investigations into complaints about other allegedly lodged at the DPP's office. But decisions about prosecutions are expected to be delayed.

Mr Hugh Wans, aged 76, a retired barrister, who is secretary of the Worthing-based Action Group on Abuse of Law, noticed *Inside Linda Lovelace* at a shop in Brighton last August and immediately wrote to Sir Norman.

He told me: "Any school-child could have picked it up." After attending the trial, he said: "What I am particularly appalled by is the galaxy of talent that comes forward at such a trial as this to defend this scruffy little book." Juries, he said, should consider the indecency of a book as well as its obscenity.

Lord Longford, the anti-pornography campaigner, said: "This case shows the extreme difficulty of securing a conviction." Mr Robert McCrindle, Conservative MP for Brentwood and Ongar, called for legislation to limit the display of "offensive material" to places where children are unlikely to see.

Mr Jeffrey Rooker, Labour MP for Birmingham, Perry Barr, tabled a Commons question pressing for a review of the law "in order to save public money being spent on misguided prosecutions". The judge ordered the costs of Mr Hanau's company to be paid out of public funds.

Mr Hanau said the prosecution seven-day trial would come to about £25,000. He said the law should place the onus on the distributor, not the publisher.

Shortage of whisky 'by 1980s'

Britain may face a severe shortage of Scotch whisky by the early 1980s, according to Mr Adam Bergius, chairman of the information and development committee of the Scotch Whisky Association. The reason, he said, was that the industry could not afford to finance the laying down of stocks for maturing.

By 1980 it is estimated that world consumption will have risen by 60 per cent to 190 million proof gallons annually. To meet that demand the industry should have been laying down extra stocks last year, but production had fallen in the first 10 months by 17 per cent to only 123 million proof gallons. That was the equivalent of a fall in output of 200 million bottles compared with the same period in 1974.

The "ineptitude and greed" of successive governments was to blame for the industry's present lack of finance. Last year it took £100m in duty and tax from the home market.

That being so, Mr Bergius continued, he could envisage the Government saying in 1980 that the home market would have to return to the postwar conditions of de facto rationing.

Mr Bergius said the industry needed the use "for a short time—6 or 7 years—of credit on duty payments, and vigorous support from the Government in removing obstacles to overseas trade."

MPs critical of policy on research grants

By Pearce Wright

Too much of the money distributed by the Science Research Council for research in universities is given to too few scientists. That is the conclusion to be drawn from the report of an inquiry into scientific research in British universities by the Commons Select Committee on Science and Technology, published yesterday.

Special attention is paid to the Science Research Council, the largest government agency providing funds for research. It gave more than £53m in grants in the period covered by the report.

The committee says: "We are deeply disturbed about the effectiveness of the universities' present contribution to the national scientific effort, and believe that considerable changes in attitudes and in practice may be required."

This inquiry is the first analysis to demonstrate clearly the way money is concentrated in the hands of a rather small number of university scientists. In the light of that evidence and of many criticisms expressed during the investigation, the committee suggests that there is a need for a more thorough investigation into why this handful of highly favoured people exists and its influence on the funding of research policy.

One item of evidence taken is included in the report as a detailed case history. It raises serious questions about the wisdom of the council's procedures. The committee clearly regards it as important because it is an account of how a research worker in physics turned his attention to providing an applied science project of use to industry.

The experiences described by Dr J. Wilks, of the Clarendon Laboratory, Oxford, reflect poorly on both industry and the Science Research Council. The work was concerned with developing processes to overcome difficulties of metal cutting experienced by many engineering firms. Attempts to get effective collaboration with industrial firms and sustained support from the council for the research were hampered.

Dog smuggled in

A family's pet dachshund was smuggled into Britain at Dover hidden under a rug in the back of a car. The dog, named May Coupe, of Grange Road, Blackpool, £200 for an offence under the Diseases of Animals Act after hearing that the dog had been destroyed.

Teachers' union may tighten discipline

The National Union of Teachers may set up a national panel to discipline teachers who go on strike without the approval of the executive. Proposals to be put before the union's annual Easter conference at Scarborough by the executive would bring the union's disciplinary procedures into line with those of other big unions affiliated to the TUC.

NUT rules forbid a branch or individual member to take part in industrial action without first obtaining the approval of the executive. But hitherto there have been no means of

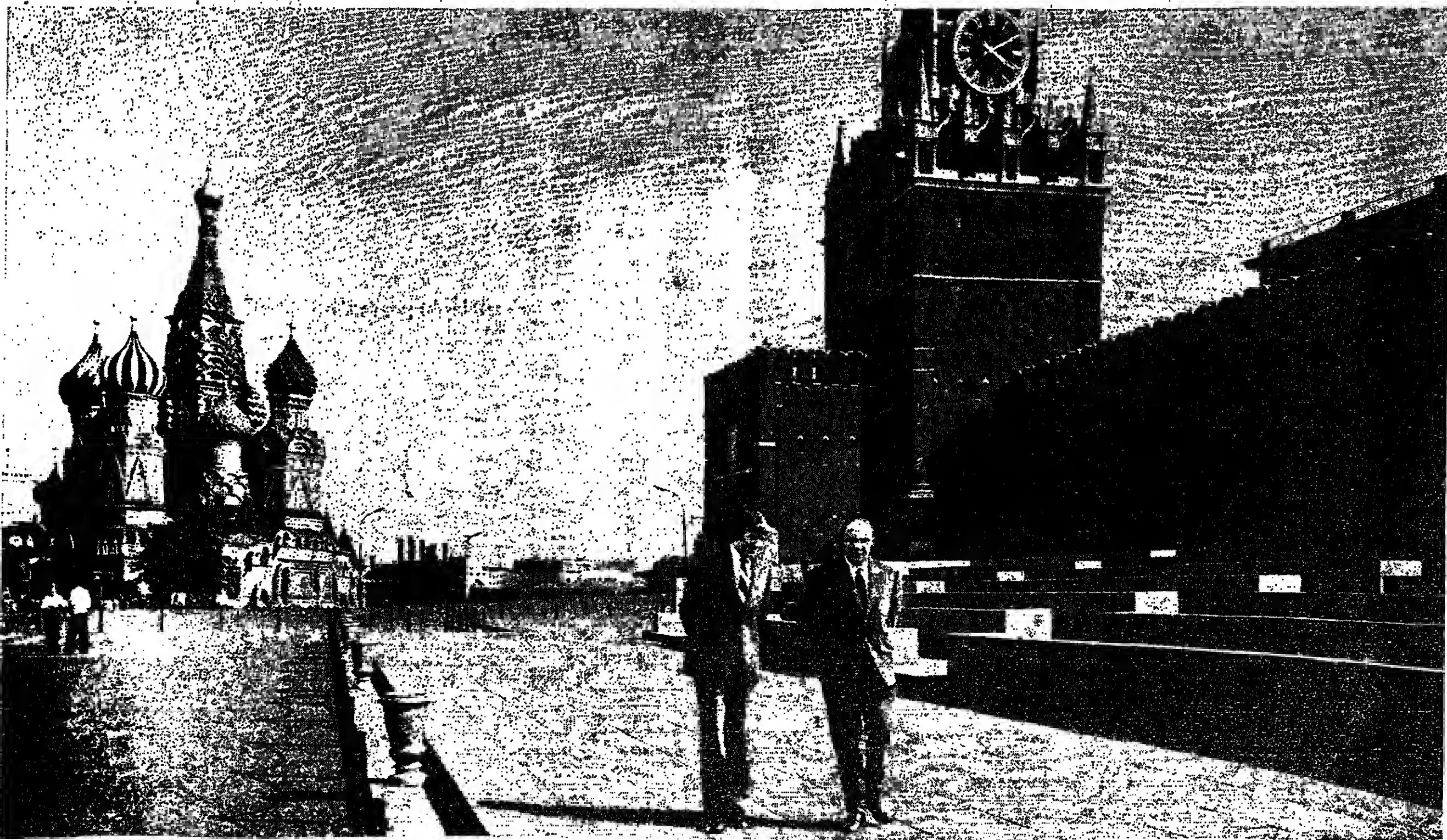
enabling the union to penalize teachers who break the rules. The executive will ask the conference to introduce a rule laying down that a teacher who strikes without approval shall be suspended and the case brought before the disciplinary panel. The panel's maximum power would be expulsion from the union. Expelled teachers would have the right to appeal to the national executive, acting as an appeal committee. No member of the executive would serve on the panel.

One of the most recent instances of NUT members disobeying an instruction occurred

last September when Mr Fred Jarvis, the union's general secretary, instructed members of William Tyndale junior school, in London, who went on strike against the handling of an inquiry into their teaching methods, to return to work, and they refused.

Mr Jarvis said yesterday that in recent months a number of local associations have requested the union at national level to invoke disciplinary procedures but the executive had been powerless to act. The executive was confident that such a move would approve the changes.

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Of a figure that speaks for itself. It is the accumulated result of Philips in several areas of the computer industry: our decision to concentrate on market sectors and expand the position achieved. Another reason is the high potential of these areas.

Years experience in the use of the world's largest computer laboratories

In the 1950's, Philips have conducted a research and development in computer techniques and have applied these to many specific computer components. Philips supply to the computer industry in the Philips Physical Laboratory. This scientific knowledge as a base, have gained extensive know-how in the computer development and production. Philips have considerable experience in computer applications throughout the worldwide Philips organization: there are no less than 140 offices, 150 large computers, and 780 mini-computers in constant use. For example, these are used in network systems for processing; systems for optimising material flow; calculating products and delivery schedules; planning; administration; scientific research; and for monitoring and controlling various manufacturing processes.

Standards and Figures

Office computers were introduced on the market in 1969 and met with immediate success. Since then, more than 100,000 systems of the P 350 and P 300 series have been supplied to customers in 28 countries in industry and commerce. An important feature of these office computer systems is that they can easily be adapted to the specific requirements of the user; system capability being extended when required. For example, the capacity of a system can be increased by adding additional peripheral equipment or by upgrading when the need arises. The demand for smaller, highly efficient, and relatively economic systems increases. Office computer systems, tailored to demand, can be rapidly installed and are easy to operate. Also, standardized user programs simplify the use of these systems to an even greater extent.

Small size - Big capacity

In the future, emphasis will be on small administrative systems that can be readily integrated into medium to large companies without requiring changes to the company's organizational structure. The Philips P 450 small business computer, introduced in 1975, fulfils the requirement perfectly. But don't let the small size mislead you. The modern small business computer has about the same level of performance as its bigger brother of the mid '60's.

Immediate access

Decentralisation is becoming more and more a fact of business life. Increasingly more computer systems provide users, via terminals in widely separated locations, with immediate and direct access to a central processor for input and retrieval of data, or for the execution of a programme.

Data Entry Systems prepare data in such a way that the central computer can process it directly. The Philips Data Entry System X1150, for decentralised data input and retrieval, has literally thousands of terminals installed in various companies throughout Western Europe.



Indispensable

Mini-computers play an important role in industrial automation. Philips P 800 series of mini-computers can be programmed to control many - and widely diverse - industrial equipment, systems and processes. For example: x-ray analysis equipment; electron microscopy; measurement and control; telegraphy; telephony; radar; traffic control; medical administration, therapy, diagnostics and treatment planning; and for monitoring and controlling various industrial processes such as mass production, water purification and foodstuffs preparation. In these, as in so many other applications, you will find Philips mini-computers at work.

Adaptable application software

Regardless of the size of a company each has its own specific requirements for a data processing system. Philips have extensive experience and a deep understanding of the customers problems. This, in conjunction with a vast application software library, forms a solid basis on which to optimize any computer system.

Furthermore provisions have been made to integrate our products with the appropriate system software, data bank and data communication software, into information network systems.

Philips Data Systems - your partner in the future

Under the name Philips Data Systems there are approximately 10,000 employees in 25 countries at your service. Already, they have firmly established the name Philips in the field of small data processing systems and are determined to further improve this position. New products in the field of office computers, small business computers, data entry systems and terminal systems will be introduced shortly.

Indeed, also for the future you can depend upon Philips as your partner in the field of electronic data processing.

Philips Data Systems

Great Britain: Elektra House, 2 Bergholt Road, Colchester, Essex CO4 5BE, Tel. 0206 - 5115.

Argentina: Macenta S.A. C.I., Av. Córdoba 2036/38, Buenos Aires.

Australia: 88-90, Foveaux Street, Surry Hills, N.S.W. 2010.

Austria: Untere Donaustrasse 11, A-1020 Vienna.

Belgium: 1, Boulevard Anspach, 1000 Brussels.

Brazil: Rua Sete de Setembro 145 - Alto da Boa Vista - São Paulo.

Canada: 116 Venderhoof Avenue, Toronto M5S 1A1.

Denmark: Prags Boulevard 80, 2300 Copenhagen.

Federal Republic of Germany: Weidenauer Strasse 211 - 213, 5900 Siegen-Weidenau.

France: 40, Avenue Hoche, 75 Paris 8, 5, Square Max Hymans, 75 Paris 15.

Ireland: Newstead, Clonsilla, Dublin 14.

Italy: Viale Fulvio Testi, 327, 20182 Milan.

Japan: Communication Science Corp., 8-5, 2 Chome, Kito-Aoyama, Minato-ku, Tokyo 107.

Mexico: Calle Durango 167, Mexico City 7 D.F.

Netherlands: Bordewijkstraat 4, Rijswijk.

Norway: Nils Hansen vei 2, Oslo 5.

Portugal: Regisconta S.A., Av. Duque de Loulé 72, Lisbon.

South Africa: 2 Herstr. New Doornfontein, Johannesburg.

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Sweden: Fack, 172 07, Sundbyberg.

Switzerland: Binzstrasse 18, 8027 Zurich.

United States of America: 1291 East Hillsdale Blvd., Foster City, California 94404.

Venezuela: Edif. Centro Colgate, Av. pp. de los Ruices, Urb. los Ruices, Caracas 107.

Yugoslavia: Fa. Commerce, Titova Cesta S.T. 61, Ljubljana.



Data
Systems

PHILIPS

PARLIAMENT, January 29, 1976

Consequences disastrous if Government or people panic at this point

House of Commons

MR HEALEY, Chancellor of the Exchequer (Leeds, East), opened the debate on unemployment by moving:

That this House, while welcoming the reduction in the rate of inflation and the improvement in the balance of payments as an essential basis for economic recovery, expresses its deep concern at the continuing rise in unemployment and its determination to take all possible effective measures to reduce it so as to ensure continuing growth with stable prices.

He said that the nation stood at what was always the most critical point on the path of economic recovery, with output beginning to increase again but employment not yet beginning to respond to the increase in output.

If, at this point, Government or people panic (he said), the consequences could be disastrous. He pointed out that the Conservative Party was in power. In recent months our economic prospects have been transformed, largely as a result of the agreement reached between the Government and trade unions last July on dealing with excess inflation in current wage rises.

The main effect of the 5% pay limit had still to be felt, but few would dispute that the Government had a good prospect of achieving their target to reduce the annual rate of inflation to under 10 per cent by the end of the year.

The 5% limit had been universally observed. The policy was supported by the great majority of the TUC, by the rank and file of the trade union movement, and according to the research of the *Industrial Relations* survey.

The new policy for incomes (he said) had transformed Britain's reputation throughout the world. (Some Conservative laughter.)

The new relationship between the Government and trade unions has brought immense improvement in industrial relations.

Increased share
Britain had lost fewer days last year through industrial stoppages than in any year since 1963, and that was a good prospect.

World recession had involved a heavy fall in world demand for British goods but the fall in demand was a good deal sharper in most of the industrial countries than it had been in Britain.

It looked as if Britain had increased her share of world demand last year, even though competition had been stiffer.

The fact that our record has been better, both on exports and imports, than that of any other country expected gives us real grounds for satisfaction (he said) and for hope that a further increase in our exports will place us as world trade picks up. There are growing

signs that the world recession has already bottomed out.

In 1974 the total volume of world exports had fallen by 4 per cent, but that was a recovery from a fall of 10 per cent in 1973. At present it was expected that world trade would pick up by 7 per cent, accelerating throughout the year.

The signs were multiplying (he said) that our recession may be coming to an end. The figures suggested that Britain was pulling out of recession in economic activity, output and demand, and the one exception to the encouraging statistics was the main subject of the debate—unemployment. Figures were still rising as he had forecast they would.

The figures must give them profound concern but did not mean that sort of exaggeration that had been in some parts of the press. The more alarming predictions last year had proved to be far short of the reality.

The main exception to this type of exaggeration, apart from the *Times*, was the research organization headed by Mrs Thatcher and Sir Keith Joseph (Leeds, North-East, C). They claimed that the rate of unemployment was still rising, but the little over the figures trumpeted by most of the newspapers, and 400,000 fewer than the seasonally corrected figures issued by the Government.

If this was her view, how could she justify her hysterical intervention in question time last week?

Brutally outraged
The *Times* Political Editor (he said) asserted on Monday that the Government was "brutally outraged" by the unemployment figures.

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The utter hubbub of Conservative MPs such as Sir Keith Joseph who have never shown the slightest sympathy for the cause of the working people, makes decent people recoil.

The seasonally corrected increase in unemployment this month was 12,500. Labour's share of the total for the first three months of 1975 was less than the average from June to September. In this it reflected the slowing down of the recession in the middle of last year, but it did not yet reflect the bottling out which appeared to have occurred in the last quarter.

That would produce a levelling off of unemployment in some months' time and an actual fall in unemployment would then follow.

A year's lag
An indispensable condition for sensible economic management was to take account of substantial lags between changes in overall demand for goods and services in the economy and the change in output which it generated, and at the same time the lag between increased output and the consequent fall in unemployment.

Such lags between an action and its consequences were the very stuff of what used to be called political economy.

In the current state of economic knowledge it was not yet possible to be precise about the length of these lags, but it was prudent to remember that both between demand measures and output and between output and employment it could be about a year.

For this reason macro-economic measures taken to increase demand, such as the reflationary measures which some Labour MPs would press on him, might take a year to have much effect on employment.

Macro-economic measures (he said) could have little significant effect on employment during the rest of this year.

Domestic demand reduction over a year would have a significant effect on output and employment, but it would take a further six months to have a significant effect on employment.

The great bulk of the output effect would take a year and a half to come through, and the bulk of the employment effect would take up to two years to come through.

Some Labour MPs believed it was possible to reduce unemployment faster by keeping imports out and thereby increasing the demand for goods and services in the country. He even slow to effect employment.

There would be bound to be some reduction in the public sector, and employers in sectors which might have to replace excluded imports would be less inclined to expand.

It was not possible to see a new plant and machinery, if they thought that the particular controls were going to be temporary and that the economy would not be maintained in the long run.

There were more powerful arguments.

But it would still be a difficult matter of judgment to decide whether any increase in domestic demand was called for in his next Budget. It was not already likely that the increase both in output and employment, particularly in manufacturing industry, would be faster than in other sectors.

Demand would also be rising fast. The increase in world trade was not already likely to be slower than in other sectors.

Industry had not been asked to make a big increase in investment next year. Stock building would be improved and there would be some increase in a consumer spending.

If that proved to be the case, a high level of employment would be maintained in the long run.

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ments against such general import controls. They would be unlikely to obtain the acquiescence of our competitors and, particularly at a time when our balance of payments was steadily improving and our rate of unemployment was in line with that of our competitors and substantially lower than in some countries, like the United States.

In that case retaliation would be almost certain. This would cost us much through lack of exports, both in terms of markets and jobs, and the balance of payments as we could gain through increased domestic demand. In addition there would be a risk of starting a world trade war in which all countries would lose heavily and the less developed countries lose most of all.

That would risk turning what was already the worst recession since the 1930s into a prolonged slump such as the world had to endure in the 1930s. It was not worth the risk.

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Government when it panicked in July, 1971, and started a consumption boom which it pushed still further in the Budget of 1972.

The House might feel it was not altogether suitable for the crumbling relics of a disastrous administration which brought about this unprecedented catastrophe in economic affairs, to have put down an amendment telling him how to deal with the same problem in the future.

The country could count itself fortunate that the leaders of the trade union movement had not forgotten the lessons of that bitter experience. They had explicitly said so again and again in recent months, and repeated this week that they were not asking him to engineer a general reflation at this time.

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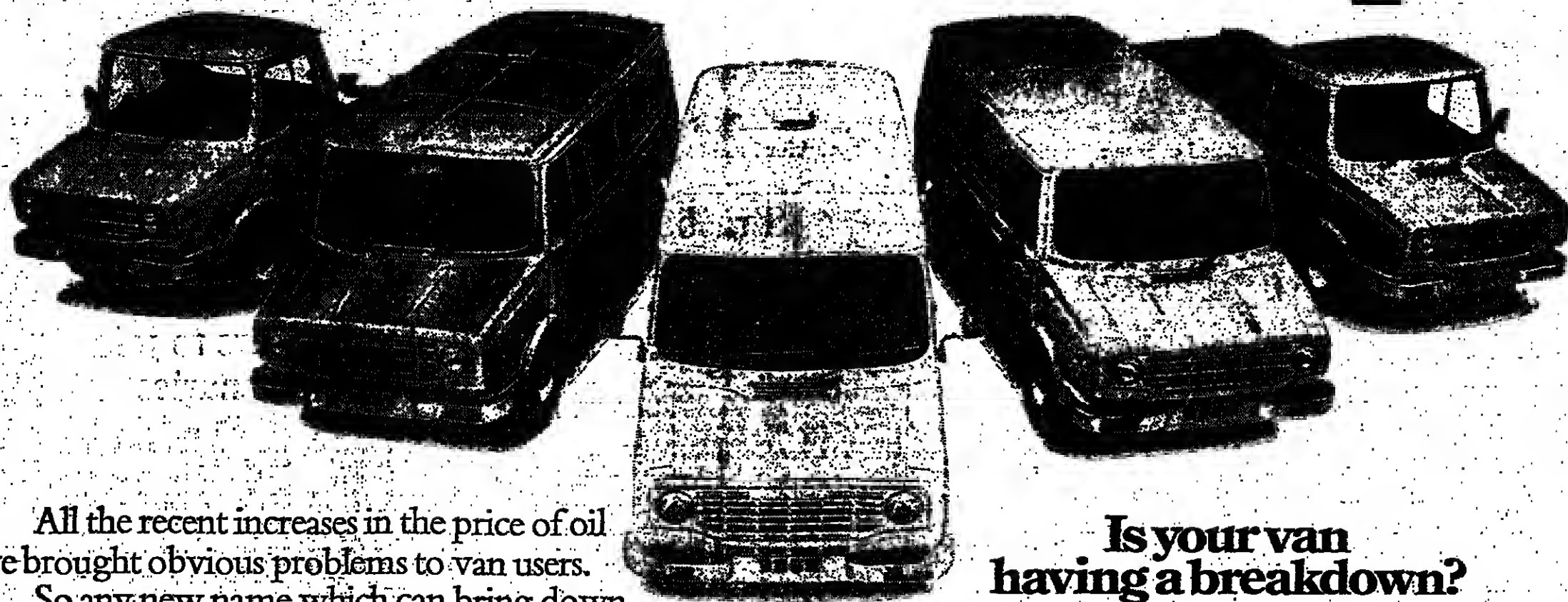
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It

If you need rescuing from mountainous fuel bills, call in a team of Sherpas.



All the recent increases in the price of oil have brought obvious problems to van users.

So any new name which can bring down those mountainous transport costs has got to be very good news.

That new name is Sherpa.

The Sherpa is the new range of vans from Leyland. It was born during the first dark days of the oil crisis, so a major priority in its design was fuel economy.

Which is why the Sherpa is incredibly cheap to run and operate.

Do you fill the tank more than the van?

When "Truck" magazine road-tested the 1.8 litre petrol-engined Sherpa 240, this is what they said.

"Startling fuel figures emerged from our test, and try as we might we could not get it below 20 mpg... and the 28 mpg main road figure, in give and take conditions, was especially good."

But you don't have to take just "Truck's" test results.

Rank's Hovis MacDougall Bakeries recently bought the diesel-engined Sherpa 215 for Mother's Pride bread delivery duty.

And they were amazed by its average working mpg figures: 36.4 miles to every gallon over 22,000 trouble-free miles.

Needless to say, this was far better than any of its direct competitors could hope to achieve.

Are your vans selling you short?

The fuel economy of the Sherpa is not, however, achieved at the expense of its load capacity.

The Sherpa van's 190 cubic foot loadspace (SAE) is highly competitive for a van of this class.

And because of the van's straighter sides and boxed-in wheel arches, every inch of that space can be easily utilized.

It is amazing, but none the less true, that this seemingly obvious design consideration is not found in most other vans.

And as for loadlength, Sherpa's 8'6" maximum leaves most of its competitors far behind, and makes for faster, more efficient, loading and unloading - especially with the optional side loading door.

Large loadspace, long loadlength and amazing fuel economy.

All three work together to ensure that the Sherpa won't sell you short.

Is your van having a breakdown?

The most economical van in the world is no use to anyone if it can't take the strain of hard work.

The Sherpa can take that strain, thanks to its enormously strong steel monocoque shell.

And all underbody box sections and sills are wax-injected and sealed to help prevent corrosion.

Also unlike many other vans, the Sherpa's engine is mounted forward of the driver.

Obviously this makes maintenance much easier and the cab more comfortable.

And quite obviously a forward-mounted engine is more desirable from the safety aspect as well.

There are eight Sherpas in all, and they come in three payload ranges.

The Sherpa 185's can take up to 14 cwt, the 215's up to 19 cwt, and the 240's up to 23 cwt (dependent upon specification).

There are two engine options on the 185:- 1622cc petrol and 1798cc diesel.

And three on the 215 and 240, with the additional option of a 1798cc petrol engine.

All three give good acceleration and a high cruising speed, but not at the expense of petrol economy.

So your deliveries are fast as well as economical.

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for Sahara, this morning provided a little more information about the Angala affair, saying the Algerian unit was providing transport and protection for the emergency food and medical supplies being taken to the victims of Moroccan bomb attacks who had fled from the towns of El Aaiun and Smara.

Ahmed Baba Miske told a press conference that refugees camps, such as those at Angala, had been bombed throughout Sahara. He added that besides the Moroccan raids there had also been bombing by Spanish aircraft in southern areas below the port of Dellys.

The attacks in the long blue robes who are members of the newly formed Saharan National Council, and previously were members of the Djennat, the local assembly, spoke plainly at the press conference of the horrors they had seen.

They renewed the accusation that the Moroccans had used against the refugees camps and said there were dead and wounded in every camp as a result.

"We want to live, to live in freedom and independently," one of them said. "The world cannot pretend not to know what is being done to our people because of this desire."

A young Saharan closed the press conference by saying that although the world was waiting for an Algerian-Moroccan confrontation, their own desperate small war for independence was still the heart of the matter.

Rabat, Jan 29.—The Moroccan Government said today that its armed forces had defeated Algerian and Polisario forces in Sahara, killing dozens of the guerrillas, taking 101 Algerian prisoners, and capturing a large amount of weapons, including ground-to-air missiles.—UPI

disheartens oderates

from territories occupied in the recent conflict, which in the new resolution would have become withdrawal "from all the Arab territories occupied since June, 1967."

The Arabs none the less consider that they have made three gains from the Security Council debate. First they think it has "dramatized in an unprecedented way the isolation of both Israel and the United States" and has "brought into the foreground, again in an unprecedented way, the Arab capacity to renege any possible, fears about the ultimate vision of how things will shape up in the Middle East."

They feel that the inclusion of the phrase guaranteeing the sovereignty of all states in the area should remove any Western fears that Arab calls for the restoration of Palestinian rights imply the elimination of Israel. (It was precisely for this reason that Libya, which does not accept the existence of Israel on any terms, refused to support the resolution.)

Secondly, the Arabs feel that the Palestinians have now "become part and parcel of the international peacemaking process", and that the admission of the Palestine Liberation Organization to take part in the Security Council debate constitutes a de facto recognition of Palestinian nationhood.

Thirdly, it is now the Israelis who are the absentees and are "avoiding dialogue, even at an international round table".

But the danger is, in Mr Wahby's view, that the veto will further worsen the deterioration which is already under way, by hardening the Israeli attitude of defiance and by strengthening the hands of those among them who are playing for time in the vain hope of watching the Arab united position disintegrate, and of bringing about a situation of instability in the Arab world which will provide them with the time necessary to transform major parts of the occupied Arab territories into a new Israeli fait accompli.

"The next move will have to be very prompt to prove that by vetoing the resolution they have not put the Middle East inexorably on the road to another disastrous confrontation. It will have to be quick enough to deter the Israelis from indulging in new perilous adventures and quick enough to reverse the trail of disastrous events which the veto would otherwise lead to."

This last phrase must obviously be taken as a hint at the danger to pro-American regimes in the Arab world if America appears to be blocking Arab efforts to achieve a peaceful settlement.

Dangers of depending on Arab disunity, page 16

Premier has extra with Mr Ford

correspondent 9, the Israeli had another expected third incident Ford ing. Original meetings had reached on the next ch for peace st, they have the fact. In ion about his rd today, Mr Club lunch had gone afraid from r, would like

the Israelis to show more flexibility towards the Palestinians. During his speech and in answer to questions, Mr Rabin remained totally unyielding on this matter. He said that he would be quite willing to talk to any of those involved in the Middle East who genuinely desired peace "but I do not include the so-called PLO", he said.

Another difficulty between the two governments is the question of supplies to Israel. Mr Ford is said to have assured Mr Rabin that Israeli requests will be sympathetically heard but it seems clear that Israel will not get as much as she wants.

Syrian rule is price of peace in Lebanon

From Paul Martin
Beirut, Jan 29

When the Syrians captured, and spirited off to Damascus, the Lebanese Army rebels who ambushed the Army escort of Mr Abdul Halim Khaddam, the Syrian Foreign Minister, the message was clear to all. The rebels had committed crimes against the Lebanese state, on Lebanese soil, but faced a court martial on Syrian soil at the hands of the Syrian Army.

Let there be no mistake about it, said one Lebanese intellectual. "We are ruled from Damascus. It is the price of peace in Lebanon." This fact has become obvious to the Lebanese since the Syrians unleashed the Palestine Liberation Army's regulars under their command in the decisive stroke in the 10 months of civil war.

Since then, the Syrians have systematically imposed their will on the warring parties in a manner that has left no room for argument. At the same time Mr Khaddam has made it clear that it is Syria's intention to rebuild the crumbled Lebanese and reconstitute its army, security organs and political structure.

Mr Khaddam and the two military chiefs, General Hikmat Chabbi, the Chief of Staff, and Vice-Marshal Najib Jamil, the Air Force Commander, now command the only cohesive military and political machinery Lebanon has.

Clearly, the first task being tackled by the Syrians is ensuring that the peace takes hold. However, their ultimate goals involve fundamental changes in the Lebanese state and its institutions. Their stand on reforms, giving equal representation for the Christian and Muslim communities and increasing the powers of the Prime Minister, have already been outlined.

Although the Syrians are using the iron fist to impose their peace on Lebanon, they are going out of their way to maintain a low profile and softening the blow



Statue for Guyana. Cast at the Morris Singer foundry in Basingstoke, this 24-ton statue is to be erected outside the new Parliament buildings in Georgetown, Guyana. It represents Kofi, who in 1763 led a revolt against the Dutch in the province of Berbice. Unveiling the 15-foot bronze is Mr Denis Williams, director of art with the History and Arts Council of Guyana.

New York state gets British advice on running casinos

From Our Own Correspondent
New York, Jan 29

Mr Nicholas Coral, chairman of the company which owns Crockford's and other casinos and betting shops in Britain, was one of the first speakers today at a public hearing called to consider the introduction of state-operated casinos in New York state.

Mr Coral outlined the workings of the Gaming Act and the Gaming Board. He added:

Delhi press curbs to be made permanent

Delhi, Jan 29.—The Indian Parliament today passed a Bill giving the Government wide powers to prevent publication of material it considers objectionable after the state of emergency and censorship are lifted.

The Bill replaces a presidential ordinance early last month. It allows the Government to demand security bonds from editors and publishers, close offending journals and ban reporting on specific subjects for up to two months.

It originally contained a clause protecting Mrs Indira Gandhi, the Prime Minister, members of her Cabinet, the President, Vice-President and state governors from criticism which the Government considered defamatory. But Mr Vidya Charan Shukla, the Information Minister, who piloted the Bill through Parliament, accepted an Opposition amendment excluding Government ministers from the list.

He told the Lok Sabha (Lower House), however, that those in authority had to be protected from defamation.

Mr Shukla said the new law would help newspapers with journalistic values and curb the yellow press, but Opposition speakers claimed the definition of objectionable matter was so wide that it could be made to fit almost anything.

Mr Erasmo de Sequeira, a People's Front member, said the power to decide what was objectionable was given to deputy secretaries of the Government and district magistrates who would act at the direction of the Information Minister. Charges of defamation which had once been decided by the courts would now be decided by the Government, he said.

Mr Sequeira pleaded for uncontrolled information without Government interference, but his resolution opposing the Bill was defeated by 152 to 35.

Mr Sagayanga Sinha, an Opposition member, said he could not understand why, in a parliamentary democracy where the Opposition had the right to change the Government, people were not to criticize the Prime Minister or members of her Government. There should be no need for special legislation to deal with the press, he said.

Mr Hiben Mukherjee, speaking for the Communist Party of India, which usually supports the Government, called the Bill objectionable. He said no one would deny the paramount needs of national interest and security, but hostile elements were being given an importance beyond all reason because the Government had a guilty conscience and fear of delay.

Mr Shukla said there was nothing in the Bill contrary to a draft code of conduct for the press proposed recently by a committee of editors, but voluntary restraints did not work when politics were involved.

Two other Bills were passed yesterday abolishing the nine-year-old Press Council and replacing an Act which gave legal protection to the reporting of Parliament.—Reuter.

In brief

Executives killed in office attack

Buenos Aires, Jan 29.—Fifteen terrorists, including two women raided the offices of the local subsidiary of the Bonifacio Corporation of New York here today and shot dead two Argentine executives. A policeman was killed in an exchange of shots with the raiders.

Some hours earlier, police had killed three leftist guerrillas at a vehicle checkpoint here.

Knossos tombs found

Iraklion, Crete, Jan 29.—British archaeologists have excavated eight tombs—one of them containing valuable finds—near the site of the Minoan palace of Knossos.

New life for airport

Belgrade, Jan 29.—Belgrade airport is to be rebuilt at a cost of £12.5m to handle the Concorde and any other supersonic airliners and jumbo jets.

Test for dissident

Belgrade, Jan 29.—Mr Blagoj Savic, a Yugoslav worker charged with spreading hostile propaganda against the country's communist system has been sent by a Sarajevo court for psychiatric examination.

Voting concession

Saigon, Jan 29.—Soldiers and officials of the overthrown South Vietnamese regime will be allowed to vote in the general election on April 25 if they have completed "reeducation" courses.

S Korean reactor

Ottawa, Jan 29.—Canada has finally agreed to sell South Korea a \$300m (about £150m) nuclear reactor after months of negotiations. During which Canada insisted on strict guarantees about the non-proliferation of nuclear weapons.

Cold weather chaos

Belgrade, Jan 29.—Cold weather in central and eastern Yugoslavia has paralysed air, road and rail traffic. Belgrade has had its third heaviest snowfall since 1887.

Sex Discrimination

The difference can no longer make a difference

The Sex Discrimination Act became law on December 29. Generally, employers, educational establishments and those that provide goods, facilities and services to the public e.g. banks, building societies, finance houses and landlords will be breaking the law if they do not provide men and women with the same opportunities and services.

Equality in Employment

Any employer who discriminates on grounds of sex in recruitment, treatment or promotion, will be breaking the law. Employment agencies will not usually be able to label jobs 'for men' or 'for women'.

There are only a few exceptions. These include employment in private households, employers with not more than five staff, jobs such as acting and modelling, and situations that need to be confined to one sex for reasons of decency or privacy. Also illegal, in the field of employment, is discrimination on grounds of marriage.

Equality in Education

Schools, colleges and universities must not discriminate in the facilities they provide. For example, classes in mechanical drawing and home economics must be open to both girls and boys. From September 1st 1976, co-educational schools must not discriminate in their admissions. It's particularly important that parents are aware of their children's rights.

Equality in Housing, Goods and Services

Generally, those who provide housing, goods, facilities or services to the public will not be allowed to discriminate against customers because of their sex. This applies whether accommodation is being bought or rented and includes hotels, public houses and restaurants.

Equality in Finance

Banks, building societies and finance houses must not treat one sex less favourably than the other in the terms in which credit, mortgages and loans are offered.

Equality in Advertising

Advertisements may not indicate an intent to discriminate. A job advertisement using terms such as 'waiter', 'salesgirl', 'postman' or 'stewardess' should make it clear that both men and women are eligible.

The Equal Opportunities Commission

The Equal Opportunities Commission will oversee the working of the Sex Discrimination Act and the Equal Pay Act and seek to eliminate discrimination. Above all, the Commission will help you to know your rights and how to exercise them.

The Commission's address is:

Equal Opportunities Commission,
Overseas House,
Quay Street,
Manchester M3 3HN.
Telephone: 061-833 9244.

What you should do now

Get from Crown Post Offices a free copy of 'A Short Guide to the Sex Discrimination Act 1975' or fill in the coupon to obtain the free literature that explains how the Sex Discrimination Act affects you.

The Sex Discrimination Act applies to you! Think about it.



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Equal
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Commission

☐ A Guide to the Sex Discrimination Act 1975
A detailed 56 page explanation of the Act.

☐ A Short Guide to the Sex Discrimination Act 1975
Also from Department of Employment Offices and Jobcentres, Citizens' Advice Bureaux (C.A.B.s) Crown Post Offices.

☐ Guide for Employers
Also from Department of Employment Offices and Jobcentres.

☐ Guide for Employees
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Hugh Clayton

The dangers of depending on Arab disunity


The eternal fireman who always answers the call to duty

House hunt

It is not only the poor who are having difficulty finding a roof to get under. Anne Heseldine, wife of the Shadow Industry Minister, is having an almost insuperable problem in South Oxfordshire. "At a time when

Clamming up

The television programme earlier this week about decision making in the steel industry was startling for two reasons. First, it was bold of Sir Monty to let the television cameras in on the Steel Corporation's to-level meetings. Secondly, it did not really show a decision being made at all. It was clear from the start that the Corporation had already decided to go ahead with their expensive option of buying two new steel-making plants.



But I fear that the program does not herald a new era of openness on the part of big business. At a screening of the film for senior executives last

No lunch

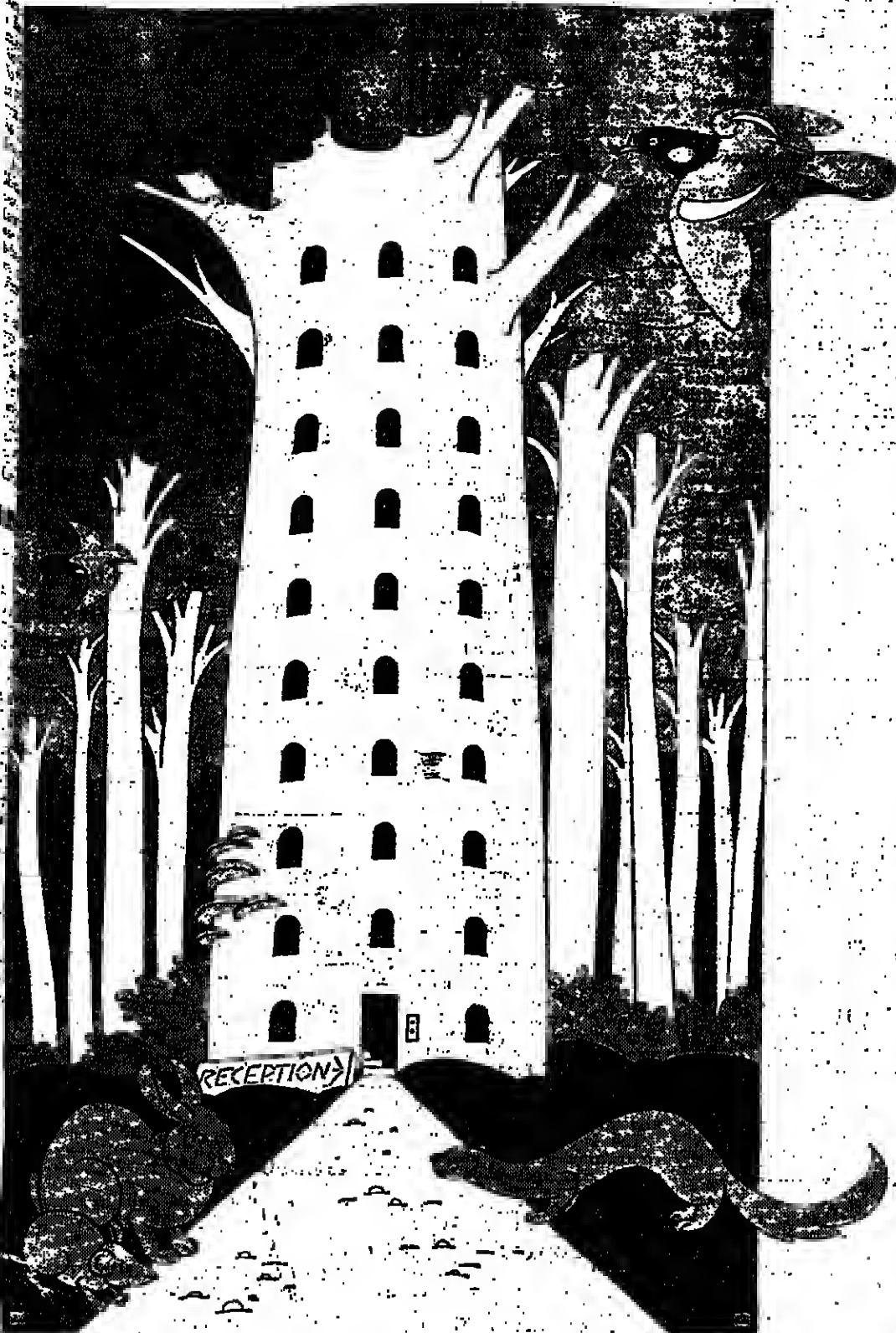
One casualty of the Cod-W looks like being the Government's farewell lunch for Niels Sigurdsson, the Icelandic ambassador, who leaves London next Thursday. The Foreign Office usually likes to give ambassadors some sort of send off and Roy Hattersley

A startling technological revolution is revealed in the **Morning Herald's** report of computerized "election" changes: "The new service also incorporate a slick, early morning service."

OBITUARY
AIR VICE-MARSHAL
F. H. M. MANNING
Biplanes in the sky

OUT OF TOWN

a Special Report



Lyn Gray

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exciting city. The same holds true for Lloyds Court. The building will be next to the vast shopping centre which we are currently constructing and a part of the proposed leisure and commercial heart of the city. A variety of office suites and shop units will be available later this year.

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Rapid growth made dispersal essential

by John Young

The advertisements make it all sound so simple. One minute you are in your cramped office in the middle of London, your staff irritable, overcrowded, inefficient, exhausted by long hours of commuting from their distant suburban homes. Then you take the magical decision to take them away from all that, to a place where a man can breathe the fresh, clean air, clear-eyed and eager after selling twice as many plastic lampshades, signing twice as many invoices, and ready for 18 hours of golf before zipping back home to call the children a good-night story.

For a dozen years the Location of Offices Bureau has been assiduously promoting the idea that higher and better business is synonymous with moving out of the metropolis, that the good life beckons from Leeds and Leicester, Wigan and Wokingham New Town. To a large degree it has been successful. Firms have moved and have prospered, although so what extent they were persuaded by the bureau's advertisements is less easy to assess. But how simple is it, and what are the drawbacks?

Let us take one of the more notable instances of decentralisation: the decision by the Midland Bank to move about one quarter of its head office staff to Sheffield. The idea of dispersal took root several years ago, probably not long after the last war, when it became clear that to continue to direct and control the bank's rapidly grow-

ing, world-wide operations from under one roof was no longer feasible.

In the early 1950s the great majority of London-based staff—excluding the local branches—were enconced in one building in Poultry, in the City; 20 years later they had spread to no fewer than nine buildings, with ever-growing overheads and difficulties in recruitment.

Staff shortages prompted the first actual move in 1973, when the largely routine work of branch credit clearing was transferred to a newly-built office block in Sheffield. Some 80 girls were recruited locally and quickly proved that they were every bit as capable as their London equivalents. A relocation unit was established shortly afterwards, charged with investigating the economics and practicability of moving other departments which had no pressing need to remain in the capital.

But Sheffield was by no means the obvious choice. To most of the staff, who knew little or nothing of postwar redevelopment, slum clearance and clean air programmes, the name still conjured up pictures of lowering mists and belching chimneys, back-to-back terraces and an alien and uncomfortable way of life. Senior executives rather fancied the ideas of Oxford or Cambridge, where the cultural deprivation would be less severe and whence they would be able to pop up to London fairly frequently to

reassure themselves that the City and the West End still stood where they had. Conversations with the concourse revolved round the respective merits of Bath, Exeter, Norwich and Southampton. But Sheffield?

None of those places, however, seemed to offer the prospect of a readily obtainable and competitively priced source of white-collar workers. At a time when office vacancies still outnumbered available staff in South-east England, and when the banks were not considered to be among either the most glamorous or the most financially generous employers, this was a big factor in the decision to go north.

Midland officials concede that in the past few months the position has changed and that a more potent reason for decentralization now would be the pressure of increasing overheads, particularly rents and rates. But they are adamant that they would still have decided to move. "In many ways the stimulus today is even greater than it was," one executive commented.

For time the bank clung to the idea of dispersing staff and jobs to a number of locations, but this was eventually declared impracticable. Those departments which had good reasons to remain in London should stay, it was decided, while the rest should move to a secondary centre with which easy communications, advertising and economics and statistics. Staff associ-

More than 750 towns and cities were considered, the criteria being the availability of office space and locally recruited staff, good communications, a reasonable supply of middle class housing, educational, health, social and leisure facilities, a pleasant environment and—although this was not readily admitted—the financial advantages of moving to a development area.

Sheffield was eventually decreed to meet most, if not all, of these objectives. Above all, it was clearly extremely keen on the idea. Coach trips were arranged for members of the bank's staff, attended by council officials, estate agents and couriers extolling the beauty of the Peak District countryside. The Lord Mayor made a point of welcoming each delegation and speaking individually to Londoners likely to be affected by the move. Sheffield was a university city, with reasonable cultural amenities, and at a pinch could claim to be "midland", which suited the bank's image.

By this time it had become clear that relocation meant not merely moving a few departments to somewhere where they could recruit the bulk of their staff cheaply and easily; it meant shifting a substantial part of the bank's centralized departments, including registrars, training, computer services, organization and methods, marketing, public relations, advertising and economics and statistics. Staff associ-

ations became restless, demanding various guarantees about future jobs and assurances about the financial costs to individual employees of moving.

The main technical, as opposed to human, problem was that of communications. Despite the use of remote copiers, conferphones and an ultra-modern computerized telephone exchange which will provide internal links between all departments, whether in London or Sheffield, officials admit that there will still have to be a considerable amount of physical going and froing between the two cities. This was one reason for rejecting the idea of dispersal to a number of parts of the country.

By the middle of next year the bank expects to have moved some 1,500 jobs to Sheffield, of which about half will be filled by skilled technical staff moving from London and the remainder from other, although not necessarily local, sources.

For Sheffield it is a big success in the struggle, shared by nearly all provincial cities in Britain, to reduce the imbalance between industrial and white-collar employment and in fill the office blocks which have been built in anticipation of economic development. For the Midland Bank it is a gamble of a kind which banks are unaccustomed to make, and the full costs and benefits are unlikely to become evident for several years.

The author is Planning Reporter, The Times.

Mixed reaction to London's policy reversal

by Christopher Warman

The Greater London Council's decision to reverse its policy of dispersing Londoners and industry outside the capital, announced early this morning, has brought strong and reasoned protest both from planners and housing experts and from the new and expanding towns themselves.

This sudden change of direction after 25 years, which have seen the departure of some 70,000 families, is seen as a panic measure in the light of the continued loss of population and jobs from London, but is not seen by observers as any solution to the problem.

Reaction has extended from philosophers, resigning from Hampshire County Council, to a plea for a renewed partnership with the GLC from the new town of Milton Keynes.

As recently as last November, the GLC was in touch with all 28 expanding towns with which it has agreements asking them not to sell homes on which the council had rights to nominate tenants from London. Despite this very active interest in their policy, designed to "safeguard the opportunities for Londoners outside London", Hampshire County Council said the policy reversal had come as no surprise.

The county reacted by saying that the local authorities in Basingstoke and Andover had undertaken their task of providing accommodation and facilities for people from the London area with dedicated responsibility. "These expanded towns have now been established as thriving communities. But now, Hampshire will concentrate on the requirements of the people in the county to see that they have a home, a job and a decent environment."

The GLC's hopes that new town development corporations should look elsewhere than to London for their employment base and that consideration should be given to slowing down the development of existing new towns' programme around London has brought a swift response from Milton Keynes.

Mr F. Lloyd Roche, general manager of the Milton Keynes Development Corporation, believes that the implementation of such a policy would be economically unsound, socially divisive and politically unwise.

"Instead, it is necessary to consider the complementary relationship between London and its new towns and to use planned overspill as part of a positive strategy for the revitalization of London," he says.

Mr Roche points out that in terms of employment, slowing planned overspill will not markedly reduce the decline in employment opportunities in London. "Studies show that most of the jobs which London loses simply 'die'; they do not move to another community." Of the jobs relocated, the vast bulk go not to planned overspill schemes but elsewhere in the South-east of the United Kingdom and the EEC.

In addition, most of the jobs that come to the new towns do not come from London. Of the 16,000 jobs created in Milton Keynes since it was designated, only 1,045 were transferred from London. During the same period, 12,200 people were housed from London in Milton Keynes.

"Rather than reduce the number of sites in new towns available for firms, this partnership between London and the new towns should be strengthened to ensure that a range of sites is available to firms which need to leave

London. By locating in the new towns, such firms will still be encouraged to employ Londoners and contribute to easing London's continuing housing shortage, particularly of families in special need, he says.

In defence of the GLC's policy change, Sir Reg Goodwin, leader of the council, says that national governments have for 10 years consistently discriminated against London's industry. This might have been acceptable 10 years ago, but the situation has now changed dramatically—500,000 industrial jobs lost, while in inner London some 5,500 acres of docklands had been denuded of industry, leaving large areas of unemployment.

Despite this change of fortune, London was prohibited by law from advertising for industry, government controls discouraged industrial development and the GLC had failed to get any commitment from the Government to help to finance the docklands.

Sir Reg acknowledged that the change of policy

and Northampton could supply about 9,000 homes a year towards easing London's continuing housing shortage, particularly of families in special need, he says.

The council has just taken a step to strengthen its machinery for tackling the problems of industrial employment and development. It is to set up an inter-departmental team to bring together the expert knowledge and resources of the council's many departments to concentrate on a more comprehensive effort.

A further suggestion comes from Mr Roche, from Milton Keynes. He wants the new town, the GLC and the London boroughs to form a partnership to undertake joint industrial promotion, coordinate industrial migration between Greater London and the new towns and to coordinate inner urban area revitalization with new town development.

Mr Roche says that

although revitalization has been the principle underlying the overspill function of new towns, its impact has over the years been concentrated on particular areas of high housing stress or even considered as part of the same process.

Since the implications of his argument conflict with government policy on industrial location, he calls for a joint approach to the Government seeking to relax controls on the promotion of industrial investment in the South-east.

Mr Roche says: "We have now reached the time when the future of London depends on creating a partnership between the capital and the new towns which is attractive enough to bring a stream of sufficient industrial investment to maintain its economic vitality—a sentiment with which Sir Reg Goodwin would surely agree."

The author is Local Government Correspondent, The Times.

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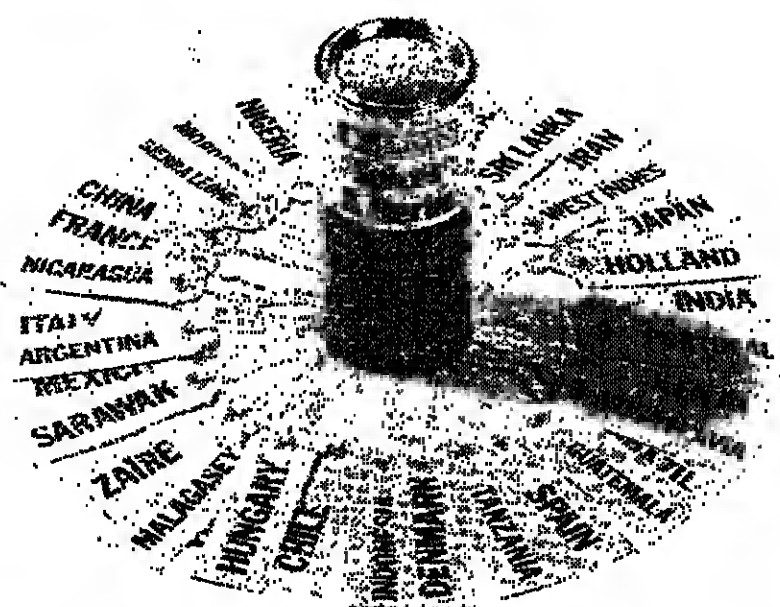
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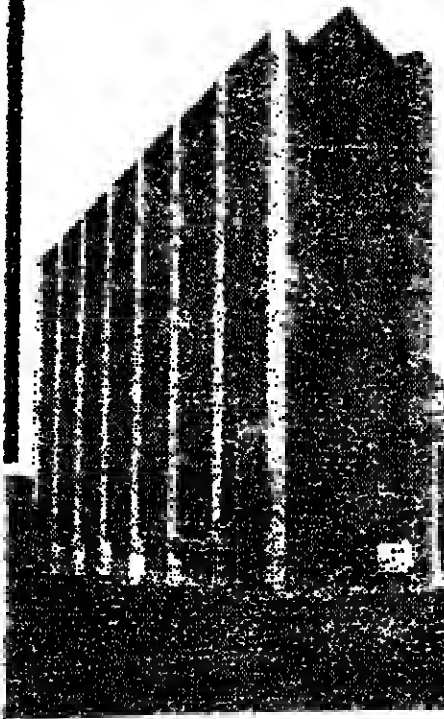


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Three steps in obtaining expert help

by John Myers

The responsibility for looking into the relocation of a business is often delegated to the board or to a small committee or task force. A healthy scepticism is probably a good basis with which to start the investigations. To justify a move it has to be proved that the company is an exceptional case, one of the small number of organizations which goes rather than stays.

The investigations can be usefully broken down into three manageable steps. At first, those responsible could begin by reading one or two publications. There is a booklet by the Small Firms Information Centres (a Department of Industry division) entitled *Moving Location: a Guide for Small Firms*. Although written for businesses with few employees, this booklet is a reasonable starting point.

The Location Offices Bureau offers a range of literature to assist those considering moving. Some of the bureau's material will be also helpful to managers concerned with manufacturing facilities as opposed to commercial office premises. The handbook for the intended mover, entitled *Office Decentralization*, contains a particularly helpful checklist of points to be considered in relocation decisions.

This material can be supplemented by a study of brochures produced by chartered surveyors which provide relocation services. The British Institute of Management Library has additional material which can be looked at by its members and by executives of member firms.

The third step could be to bring in consultants with relevant experience of the location of commercial office, factory or warehouse operations.

Managements can select one or more of three types of consultants. First, there are the chartered surveyors, who base their advice mainly on the economics of owning and occupying property. Second, space planning consultants, who advise on the efficient use of buildings in relation to the firm's business objectives and methods of working. Then there are the management consultants, who may be strong in general business planning and personnel management which can be highly significant in relocation.

Companies with important distribution functions will find it valuable to have a consultant who specializes in transportation matters. In these days of technological advances it is an advantage if the consultants appointed have experts on telecommunications systems, or can draw them in.

The choice of consultants could be made after management has discussed its requirements with several candidates. But this leaves open the question of selecting consultants for the short list. Referrals, personal contacts and advertisements by those offering services will produce very many names. Another approach is to seek independent advice by contacting three organizations based in London.

Without charge, the Royal Institution of Chartered Surveyors will information, advice and nominate professional practitioners which offer services to companies making location decisions. For businesses wishing to appoint other consultants two methods are suggested.

One is to seek assistance from the Management Consultants Association, which has two dozen well-established firms in membership. The association's officers will provide names of suitable consultants. This service is also free to inquirers.

The alternative is the British Institute of Management's Management Consulting Services Information Bureau, which has records of more than 1,000 professional consultancy firms. Usually, the bureau will recommend three or four consultancies with particular qualifications to cope with an inquirer's relocation requirements. The service is free to companies in membership of the BIM.

A charge of £35, as well as value-added tax, is made to non-members. All three organizations keep confidential the name of the inquirer.

The outcome of consultancy may well be measures which fall short of relocation. Alterations to the existing premises, acquisition of a superior interest in the existing property, the restructuring of overloaded departments or functions: there are many possibilities.

For those who decide to relocate their premises the consultants are able and willing to organize the move—even, when required, to manage the building of new premises out of London. There is no shortage of information, advice and assistance in this market.

Is it moving to save or a saving to move?

by Ross Davies

The pros and cons of moving a firm or a part of a firm out of London have always varied according to individual circumstances. This year, however, there is an additional complication, the distortion of the commercial property market not only in the capital but also outside it.

Until just recently, although it already seems an age, the argument for what is now called relocation went something like this:

Moving out of town is complicated and expensive but well worth considering with Central London office rents reaching £18 to £23 a sq ft and rent reviews in the offing as leases end.

Once out of town it will be easier and cheaper to find and to retain staff. Senior people who accept an invitation to move with the firm may be able to live in bigger houses, in more pleasant surroundings, with a shorter journey to work.

The cost of the move, admittedly substantial in terms of time, money and trouble, can be covered in part or in whole by the renting or sale of the vacated London space. So lively is the demand for Central London office space that the price extracted might be enough not only to pay the moving costs but also to buy a freehold.

It was in fact never quite as simple as that, as the Location Offices Bureau's *Office Decentralization* points out. There are considerations such as staff recruitment and welfare hardly cross the minds of firms planning to leave London.

Fine calculation required

About half those approached by LOB in 1974-75 said they were moving to save money; this was twice as many as 10 years before, when expansion was the most popular reason.

Where the reason is to save money, rather than to make the calculations governing the question "To move or not to move" become even finer.

In 1974-75 the number of office development permits issued in the favoured South-east dropped from 374 to 241, while the gross floor space they represented was halved. Despite this, it remained extremely difficult to unload Central London office space either at all or at a price that would permit the former occupants lightly to consider a move out of town.

Where the main concern was the rising bill for rent, many firms have preferred to move out of the centre of the capital to London boroughs with less ambitious spending plans. This was indeed an acceleration of a trend in happier times, when many firms preferred to move to the London periphery rather than make for the far north or west.

Another response has been to commission studies of Central London offices to see if better use can be made of the space, thus dispensing with the need to move.

Yet if the capital's spare office capacity and sagging commercial rents are the result of changes that began a few years ago, the organization that can afford to do more than ponder the mechanics of survival might well consider where it may find itself a few years hence.

When LOB's chairman, Mr Anthony Prendergast, presented his annual report in July he pointed to a slowing thinking of leaving London and a continuing unwillingness to move outside the South-east. He nevertheless stuck to his guns in advising employers to think about relocation.

The difference between city centre and suburban rents had narrowed, and there were about 20 million sq ft of empty office space up and down the country.

A decade of experience

Construction costs, he pointed out, were still rising sharply. A new building which was now being built anywhere, and what there was could hardly be let at present levels. The existing stock would soon be taken up once the economy improved, and it would be a long time before supply could catch up with a revived demand.

To help those who are considering a move the LOB can pass on the experience of the past 10 years. There are also cash incentives from the Department of Industry, one scheme for office employers and another for manufacturers.

While the aid is in part outright and in part discretionary, the most important thing to bear in mind is that it is extended only to employers choosing to move to the areas for expansion—broadly speaking, anywhere north of Nottingham and west of a line from there to Monmouth, Bristol and Plymouth.

For employers who bring with them at least 10 new jobs in office and research and development establishments there are fixed grants of £500 for each employee moved with his or her firm up to a limit of half the number of extra jobs created.

A selective grant is available to cover the whole cost of the approved rent of the premises in the new place for up to five years in some areas and up to three years in others. There are other forms of selective assistance.

The parallel system for manufacturing industry is more complicated but can involve regional development grants towards capital expenditure of more than £1,000 on buildings or more than £100 on plant or equipment.

These facilities are backed by selective assistance in the shape of grants or loans on easy terms for the creation of new employment. Once established, there is also help for the safeguarding of existing jobs.

Planning eases the load

by Patricia Tisdall

The necessity for a physical removal of staff, offices and plant is a strong disincentive to relocating a business. As householder knows, moving is not an easy task, it is also disruptive. In addition to the extra scale and complexity of an industrial move compared with a domestic move, there is the risk of loss of production time, described as a "hidden" cost, because it is a factor difficult to evaluate.

Inevitably, in view of today's highly developed communication skills, there will be sensitive and costly electronic equipment which will be handled as well as bulky production machinery. Increasing specialization and a need to introduce improvements at the same time as the move itself means that the new premises are unlikely to be identical with the old.

For all these reasons it has become increasingly recognized that moving can be a very skilled activity. It is one time it was thought that all that was needed was muscle and transport facilities. But the services that professional removal contractors can offer are increasingly appreciated among business communities.

As *Works Management*, the official journal of the Institution of Works Managers, points out in a recent article, apart from small concerns, few firms would think of trying to move themselves, using their own fork trucks and firm's transport with perhaps a hired crane and low-loader lorry.

The costs of employing a specialist contractor such as Pickford, Vanguard, Bluns or Beck and Politzer may appear formidable. To move a manufacturing firm employing 100 people to a new plant 50 miles away costs about £10,000. This would cover a complete package, from the initial plan to the final commissioning of the equipment in the new factory. It should be emphasized that the major part of any removal costs is in preparing a complete package rather than transportation. So a move out of town may not cost much more than a move to the next street in the city centre.

However, no matter how expensive a specialist contractor might seem, the eventual costs of moving on a do-it-yourself basis (even assuming the firm has spare manpower available and can afford to shut down its plant for the duration of the move) are likely to be much more considerable in the long term.

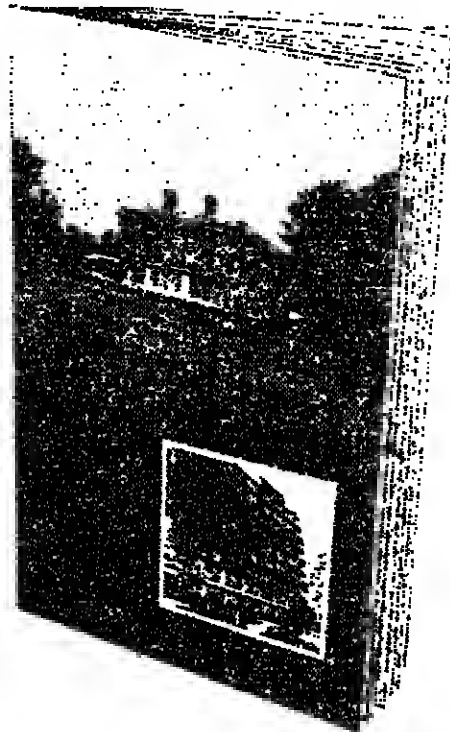
An ill-planned, ill-phased removal of a key office department such as an accounts division or an information centre can result in weeks of disruption in getting invoices out, for example. Lost documents can also result in lost orders, the effect of which may not be discovered, let alone costed, for weeks or even years afterwards.

It is much easier to arrange insurance against quantifiable breakages, as if a specialist contractor is involved. If, for example, a firm decides to commission a specialist removal firm by employing a series of sub-contractors it may find insurance a problem. It may find that goods are insured only while its equipment is in transit while, in fact, breakdowns are most likely to occur after reinstallation.

Specialist contractors can offer fully comprehensive insurance which covers every aspect of the move. Here Pickford, which claims to be

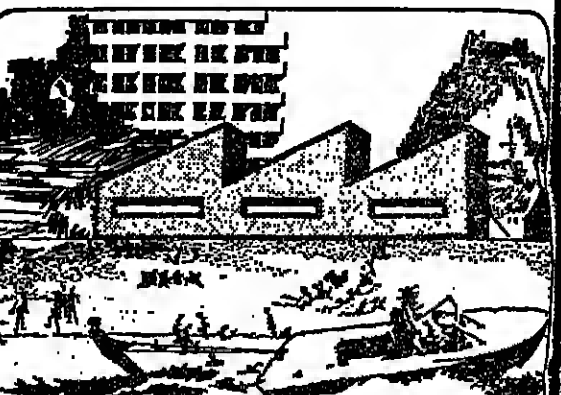
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"The Art of advanced thought in design for working"

by Eric Fordham

Richard Ellis, surveyors, after the board's decision to relocate the administrative staff, an original list of 40 potential sites was eventually reduced to five before the selection was made of a speculative building in Norwich, which was still on the drawing board at that time.

To ensure that the building suited Bland Payne as much as possible the Richard Ellis architectural department matched the profile of the building to the profile of the departmental structure and needs to the layout of the proposed building.

At that stage no firm decisions were made about the final form of office layout or furnishing system to be used. Options were kept open. The most important change in the ceiling height to accommodate air-conditioning and service ducts.

This alteration was to prove particularly significant so that later when a decision was made on the system, the building was not a problem. At the choice of the Herman Miller office furniture system, this was a 25 different types of work for over 500 staff in the building of 100,000 sq. ft. building. Communication and power services were brought from the ceiling ducts to the tops of the vertical panels in the building. This eliminated all trailing leads from floor level but provided flexibility in planning.

Again this was a project in which the White Faber and Dumas operation, the human needs of the occupants of the building were rated highly by the project team.

Organised Office Designs (OOD), consultants, see their most recent big project commission to be the move of the 600 office staff of the Allied Breweries group move into a converted building at Burton on Trent. Their new offices in an open area 400ft by 120ft will save the company more than £1m, according to Mr Richard Taylor, Allied Breweries management services director. A new purpose-built office would have cost more than £2m and would have provided only marginal benefits over the present plan, which incorporates full air-conditioning, noise-limiting soft flooring and a high standard of lighting.

Evidence of Allied Breweries concern with their employees' satisfaction with their working life was indicated by their acceptance of OOD's suggestion that staff should make the final selection of office furniture and

of office furniture and the complementary colour scheme.

Much aware of the difficulties and pressures involved in moving office, OOD have announced a special service for the management of the smaller company which wants to make the right move but feels it cannot justify the costs of full-time consultancy. The service, called All in a Day, is designed to give the administrator advice on every aspect of office relocation and planning in a one-day professional consultation.

OOD claims to be well qualified to offer this service, having played a big part in the planning of new offices for a number of leading organisations, including British Airways, the British Institute of Management, Reckitt and Colman, Irish Life Assurance and Allied Breweries.

Directors to keep eyes open

The need for top level management to get involved in projects of this kind is emphasised by Mr William Ivey, chairman of Office Planning Consultants, who says: "Directors do not get sufficiently interested in the office problems of their company. Nor that they should spend their own time in trying to solve them. But they should make sure that someone with adequate skills and seniority is approached to do this."

"At £100 to £200 a square metre, wasted office space is shareholders' ammunition and directors would do well to keep an eye on this."

An essential target for any organization moving to a new building is to maintain unbroken communications. Physically moving telephone, telex and similar equipment takes far longer than the Friday evening to Monday morning gap usually allowed for moving furniture and staff. An office without telecommunication links is almost a dead entry.

The importance of these communication links was emphasised by the investment made by both White Faber and Dumas and Bland Payne in the advanced IBM 3750 communications system. This provides a range of communication aids, as well as other tasks, such as data transmission and flexible hours recording.

The author is managing editor, Business Equipment Digest.

Staff need the individual treatment

by Diana Patt

Transporting files, buying new furniture, waiting weeks for telephones to be installed—all are part of the complex procedure of moving an office. Even more complex is the business of moving members of staff, whose individual preferences are complicated by the needs of wives, children and even grandparents.

When Ewbank & Partners, consulting engineers, moved their London offices to Brighton in 1969, 100 key staff were invited to make the move and were given three to four months to consider the "package deal" offered by the employers. Only two staff members declined to make the move.

Mr Roger Reed, financial director and secretary who coordinated the operation, says staff are very happy in their new surroundings and only one of the 98 who came from London has since left the firm. The company now has 300 staff in Brighton.

Mr Reed says: "There are only two ways of moving—either over a nice long period or quickly. It is best not to fall between the two. Our staff had only a short time to consider the whole package. We knew they would have a lot of questions and we wanted to be able to answer all of them."

The 160 staff of the company's office in Victoria, London, were considered individually. Staff within four or five years of retirement were given the opportunity to retire early on pension. Some staff within two years of retirement were given assistance with rented

accommodation in Brighton so they could keep on their London homes. Others near retirement who wished to move to the coast were given limited assistance.

Financial help to engineers, draughtsmen and senior administrative staff invited to move was on a loan basis whereby if they stayed with the company for two to three years the loan would be wiped out.

Those staff not invited to make the move, such as general administrative staff, telephonists and cleaners, received a package setting out details of compensation and a bonus for those who stayed on until the end of the firm's London tenure.

Trainee draughtsmen and junior engineers who were invited received a separate package setting out their entitlements.

Mr Reed believes one reason for the success of the shift was the choice of Brighton, which he describes as "little London by the sea". It is only 55 minutes from London by train so staff can keep in touch with friends and relatives and pay return visits when they want to.

Brighton was not the company's first choice. It looked originally for a location in the Home Counties, but failed to find the 30,000 sq. ft. of office space required. Much of Ewbank & Partners' work is with the Middle East and developing countries and it was important to be within easy reach of Heathrow and Gatwick airports.

"We did not know how our overseas clients would

react to receiving letters from an office outside London, but many of our Middle East clients had learnt their English at language schools in Brighton and so knew the town."

The most important consideration for staff who consider a move is housing. Those who had worked in the firm's Victoria offices lived in Surrey, North Sussex and Kent and found houses in the Brighton area less expensive. They were able to buy more advantageously or afford a larger house. Staff living in certain parts of London and East Kent, where house costs were lower than in Brighton, encountered difficulty in finding a comparable house.

The high cost of houses in the South-east generally has meant that the firm has had difficulty in recruiting family men from the north of England, where housing is cheaper, and the move to Brighton has not remedied this.

Austin Reed, the menswear firm which transferred its warehousing and accounts office 225 miles from London to Thirsk in 1969, adopted a different approach. Mr Geoffrey Tubb, group secretary and property director who organized the move, says: "We believe if you are going to move out of London you must do it properly. Otherwise you are only kicking the problem."

The company transferred only key workers and as few as possible. Of a total of 133 staff only 27 were invited to move and were taken to Thirsk for a three-day trip, together with chil-

dren, wives and grandparents. They studied the area, which is agricultural, and were shown local authority housing as well as private housing. Thirsk is a development area and the local authority was providing 10 council houses for the firm's staff.

The staff received very detailed information about the new area, including a comparison of weather averages for Thirsk and Wembley over 30 years.

"When you move 225 miles away you have to convince your staff that they are not being asked to live in the Arctic Circle", Mr Tubb says.

Of the 27 invited to move, 18 accepted. The remaining staff were given the full statutory redundancy payment and a minimum of four weeks' gross salary.

"Once the 18 had decided in favour we sent them on a five-day trip and told them not to look for houses but to get to know the area. We went out to sell the move to the wives and families as well as to the men."

The firm employed and paid a buyer's agent to find and negotiate houses for the staff on an individual basis. In general the cost of the houses in Thirsk was between 25 and 33 per cent cheaper than in London and the surrounding area. Families with three-bedroom houses and a garage were able to afford four-bedroom houses and a double garage.

Staff have found secondary education in North Yorkshire to be good. Two comprehensive schools—one with 1,200 pupils and one

with 1,500—serve Thirsk and area and all children are collected and delivered by coach. One child used to a large and anonymous London comprehensive told her father: "School is much nicer. I have my own desk and my own locker and I don't have to carry my books in a satchel all day."

In theory, when the company first arrived in Thirsk, six out of seven staff were new, but in fact arrangements were made to train punch operators at evening classes and to train in London some 50 per cent of staff recruited locally in Thirsk.

Two years ago Austin Reed spent £250,000 doubling the size of its Thirsk warehouse and the number of staff employed now is 130.

As long ago as 1938 the Pearl Assurance Company's debating society discussed the motion that chief office should be moved to Blackpool.

This light-hearted debate had a graver content—it took place as war threatened—but it was not until May, 1975, that the move out of London, which began in 1973, was moved to Blackpool.

This light-hearted debate had a graver content—it took place as war threatened—but it was not until May, 1975, that the move out of London, which began in 1973, was moved to Blackpool.

The transfer of 160 staff from the 1,400 or so contained in the marble and mahogany headquarters in High Holborn has been a protracted one—over two and a half years to the present day—and has involved work in temporary accommodation in Peterborough while the purpose-built computer centre is constructed.

This is scheduled for completion at the beginning of March.

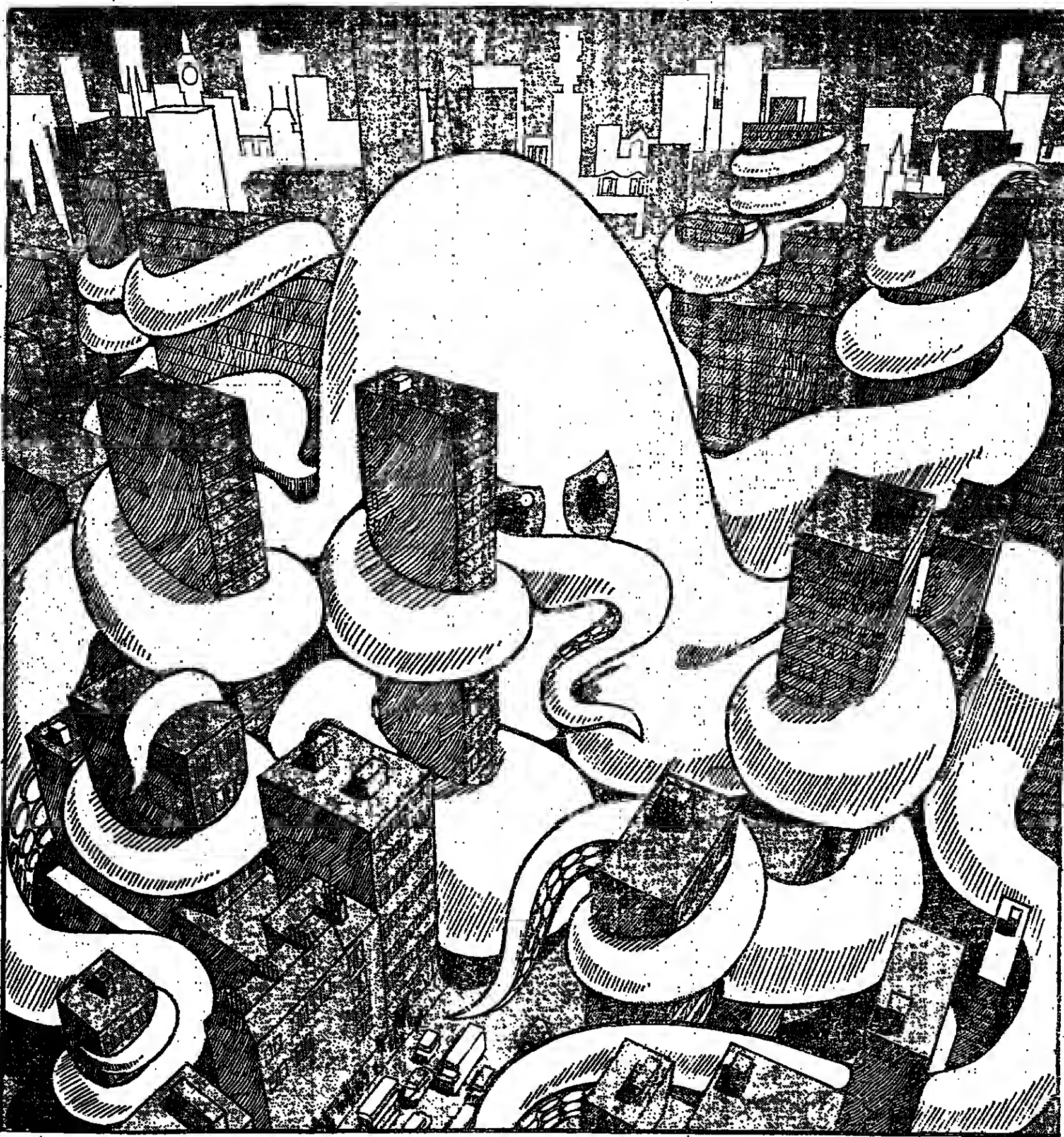
To help staff to make up their minds whether to make the switch from London, the editor of the house magazine, Mr John Bishop, produced 15 fortnightly bulletins on all aspects of Peterborough.

"We tried to do an honest reporting job, wandering round the back streets and describing our own reactions. We did not disguise the fact that the smell from sugar manufacturing was less than pleasant."

When the move was first announced, a package of material about the town prepared by the Peterborough Development Corporation was given to each member of staff and an exhibition set up with models of the town, a relief map and literature.

Generous relocation terms, which include payment of legal expenses, estate agents' fees, house purchase loans at 4 per cent under the staff mortgage scheme, payment of removals and replacement allowance of soft furnishings, have been recently updated.

Peterborough manager, Mr Stanley Smith, who with a team of helpers coordinated the move, says: "There are many difficulties which have to be overcome and it would be quite wrong to give the impression that this is a simple exercise about well-defined paths. However, we believe the decision which seemed good in 1973 still looks good today."



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Planning eases the load

continued from facing page

lifting heavy air-conditioning equipment to the roof of Centre Point, 400 ft above pavement level. This was too high for any cranes and the area was too densely populated for any helicopter to operate in, so they designed a heavy lift gantry weighing eight tons.

Moving equipment out of the old premises, as well as moving it into the new, may present special, and to the layman, unforeseen difficulties. Pickfords, for instance, specifically mentions the necessity to calculate the effects of potential bottlenecks, such as the size, location and speed of the lifts, as well as any special problems in handling goods.


A specialist removal consultant also will be able to advise on the preparation of the new premises to carry the equipment loads planned. Services such as electricity, gas, compressed air and hydraulics may have to be disconnected and reconnected.

The specialist can also organise storage, for instance, in the case of material or equipment which is not needed for some time and which may be cheaper for the removal contractor to store than the firm itself.

Specialist firms are also used to operating at odd hours, at weekends and during holiday periods, so that production disruption is kept to a minimum for their clients. The time taken over a move, and whether it is phased department by department or whether it takes place all at once, is an individual decision depending on circumstances.

Specialist removal firms undoubtedly appear expensive, especially the further up the size scale you go. But if a competent firm is employed and used sensibly there should be no hidden extras. In particular, they will quote and stick to a given time, a critical factor where a commercial organisation is concerned.

Nobody pretends that a move is not a tedious and painful exercise, as well as expensive. But it is possible to get reasonably accurate preliminary quotes so that the management can budget accordingly and offset these costs against the advantages to be gained by the move.

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THE TIMES

BUSINESS NEWS

Down of strike talks Chrysler puts state scheme 'in question'

Union representatives and shop stewards are demanding that all must get the higher basic rate of £3.50.

The company argues that this would be a precedent that could affect its whole re-organization programme, and the workers concerned had already been paid the maximum 26 a week allowed under the Government's pay code.

All 6,800 workers at Linwood—where Hunter and Imp cars and provides body units, gearboxes and many other essential components for the Coventry assembly plant in Coventry—have been called out in support of the claim by the packing department workers.

The shutdown at Linwood must affect production at Ryton, possibly by early next week. Both plants are supplied with engines from a central factory at Stoke (Coventry) and a shutdown of the assembly lines must also have repercussions there.

It is therefore possible that within a few days all Chrysler's car manufacturing operations will be at a standstill. Last night Mr. Lander said: "Although this strike appears to stem from a trivial issue, it is a major dispute. Our agreement with the Government is conditional on good industrial relations, and this agreement must now be regarded as being 'in question'."

Mr. Tom Darby summed up the tough line taken by the management in yesterday's negotiations by saying: "There is no possibility at all of

Chrysler improving these pay rates until new general wage negotiations are opened in June."

From the union side Mr. John Carry, senior convenor at Linwood, accused the company of using the present critical situation as an excuse to introduce changes in working arrangements which he claimed were in breach of procedure agreements with the unions.

He said the dispute could become "a trial of strength". It is clear that Chrysler's top executives will have made the terms of the rescue deal plain to national and local union officials and shop stewards in the long round of talks that took place before all but one of the car unions (the odd man out was the Association of Scientific, Technical and Managerial Staffs, the white-collar union) agreed to accept it in principle.

Yesterday ASTMS men at the Stoke engine plant called off a work-to-rule and overtime ban in protest against the redundancy plans under which 300 of them will lose their jobs from today. But the action was continued by those at Ryton assembly plant.

Legend: hit: Production of Princess and Maxi cars at Leyland's assembly plant at Cowley, Oxford, was halted early yesterday when 500 night shift workers were sent home early after complaints that it was too cold to work.

Leading article, page 17

Chief urges tax on gas to level differential on fuel costs

It is estimated that consumers' electricity bills will have to go up by another £200m, including Scotland, when customers are already facing the prospect of a big rise in tariffs to recover past cost increases.

The electricity supply industry is arguing that consumer demand will slump and coal be made uncompetitive when for the first time, in many years, miners have seen their pay rise a pricing advantage over oil.

Mr. Hawkins and colleagues feel the NCB must think again and try to absorb more costs at the power station system, based on economic order of merit and fuel costs, is to cover the time burning more coal at the expense of oil.

This stark warning has been reinforced by representations to Mr. Benn, Secretary of State for Energy, that when the NCB and power authorities are working to save the coal modernization plan, it is economic nonsense that gas should be sold so cheaply.

They say that this distorts electricity demand and contributes to the NCB's growing marketing difficulties. Mr. Hawkins

and others want a £300m to £400m gas tax to stop a switch away from coal and electricity gathering momentum.

Sir Derek Ezra is facing critical decisions, because his advisers say mounting stocks of unused coal are hitting finances and starting to lower the morale of miners, who had hoped for better times after the oil crisis and the consequent lavish government support.

The NCB has asked the CEB to burn an extra 11 million tons of coal in the next two years to help avoid new financial and production problems.

This proposal, when viewed against the proposed price rise planned for April, has naturally been greeted with scepticism by the power station men. They say the miners can best be helped by retaining a competitive edge for coal over oil in the year ahead.

Some hard facts will be tabled when the unions, the Government, and leaders of the coal and generating authorities meet on February 20 to discuss the whole issue.

Sea participation progressing well

proceeds from the Ninian sale.

Gulf and Conoco are in a different position to most of the other major companies in the North Sea, since they already have a one-third share in their Hutton, Dunlin, Thistle, Murchison and Stafford discoveries through the former National Coal Board sale, which is now held by the British National Oil Corporation.

Generally, there is thought to be a new mood of cooperation between the Government and the oil companies over participation. Much of this stems from acceptance that the Government does not wish to increase its revenues from the North Sea through participation. Negotiations have started with seven companies in addition to the eight who have publicly agreed to the broad principle of participation.

NCB facing £4m bill to finance soaring stocks

By Our Energy Correspondent

The National Coal Board faces a deficit of at least £4m because of interest charges on financing coal stocks at the auction yards this year as a result of the record reserves built up over the past few months.

Stocks worth £62m have been shipped into power stations and more limited quantities into the British Steel Corporation's reserves. These are above the normal requirements of these industries and are paid for only when used.

The cost of financing these stocks is running at the equivalent of £8m a year and although the NCB has applied to the Government for assistance, so far Mr. Benn, Secretary of State for Energy, has made no decision.

Its application for a subsidy under the terms of the Coal Industry Act and the rules of the European Iron and Steel Community has been before the minister for five months.

No decision is likely until the Coal Industry Finance Bill has completed its passage through Parliament, probably towards the end of February.

Declining electricity demand has behind the Coal Board's difficulties.

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Selling hits Belgian and French francs

By Melvyn Westlake

Central banks in Europe again had to come to the aid of the French and Belgian francs in nervous and sensitive currency trading yesterday. At the same time the lira resumed the steady descent that began when the Italian foreign exchange market was closed last week.

The heaviest official support appeared to have been given on the Belgian franc amid rising concern over the prospects for the country's economy.

According to estimates in the market, the Dutch central bank bought 200m Belgian francs (about £25m) and 180m Danish crowns (about £12m) in an attempt to prevent the margin between them and the guilders breaching the stipulated limits under the joint European currency float, known as the "snake".

In Paris the Bank of France was forced to sell £20m (nearly £10m) in an attempt to arrest the French franc's slide. However, there was no attempt to support the lira which has now depreciated by 8 per cent since the country's political crisis began.

Dealers said that trading was very unsteady and there was a lot of nervousness among operators to sell all the weaker currencies.

Selling was paralleled by a strong bid demand for West German marks, which some dealers suggested was an ominous indication of the current nervousness.

Starting has remained very firm. It rose 13 points against the dollar yesterday to \$2.030. Dealers have suggested that the Bank of England has actually been able to buy dollars to add to the official reserves.

With the pound's "floating" devaluation rate against the dollar, currency markets are believed to be anxious that it should not strengthen any further for fear of eroding the pound's competitive position in overseas markets.

State industries unlikely to join price curbs plan

By Derek Harris
Commercial Editor

Hopes that the nationalized industries can make a meaningful contribution to the Government's six-month voluntary code of prices are fading.

Only gas tariffs—on which the industry had already given a "no rise" promise extending to October—are so far a certainty for the Government.

In the discussions with Mrs. Williams, Secretary of State for Prices and Consumer Protection, both the Confederation of British Industry and the Retail Consortium urged that some contribution should be made by the public sector.

In the Commons earlier this week, Mrs. Williams said that nationalized industries would make a contribution where it was possible without worsening their subsidies situation.

The other strong possibility for a 5 per cent pegging among the nationalized industries is the Post Office. An increase in letter rates during the six months of the scheme appears unlikely, although there is more doubt over parcels charges.

With the Post Office expected to make an overall profit in 1975-76, it is possible that parcel rates could be held within the 5 per cent benchmark.

But electricity tariffs are likely to rise around 10 per cent in April. British Rail has a fare application before the Price Commission—again around 10 per cent—and freight tariffs are one of their least profitable operations.

There is pressure for coal prices to rise well over the 5 per cent in the spring. The British Steel Corporation has demanded a 5 per cent increase in its steel prices going through next month.

L & C report blames ex-chairman

By Margaret Walters

In one of the most disturbing documents ever to emerge from the Department of Trade, inspectors leading the L & C and Country Securities, the collapsed fringe bank, allege that former chairman, 45-year-old Mr. Gerald Caplan, and associates defrauded the group of substantial sums of money.

The fall of L & C precipitated the second bank crisis in late 1973 and the group, now in liquidation, has a deficiency of assets of £50m or more.

The publication of the report on the affair has been delayed for nine months because it was thought the proceedings were imminent. Although the Director of Public Prosecutions has had the report for some time, police officers are still completing the main prosecution against Mr. Caplan, who is now based in Monte Carlo.

The inspectors, Mr. A. Leggart, QC, and Mr. D. Hobson, FCA, recommend much stiffer penalties, perhaps imprisonment, for breaches of Section 54 of the Companies Act.

The three matters where they believe offences have been committed involve the use of a fictitious nominee account at the bank to obtain loans for Mr. Caplan and his private company, the relationship between Mr. A. T. Peppercorn, associate of Mr. Caplan, and the group, and a less-dish attempt to save off final collapse by arranging the payment of £4m in order to improve the cash position for half year balance sheet purposes.

Mr. Sheridan goes on to explain, by reference to Edward II and his barons the position in which L & C directors found themselves. "It is very difficult to bring yourself to the point to think that the No. 1 man is at fault when he has 25 per cent of the equity of the kingdom."

The inspectors conclude that Mr. Caplan, or Capbourne, his private company, obtained funds over £1m from L & C, much of it being used to support L & C shares in the stock market. In addition, a secret account, in the name of J. Cartwright was set up with the knowledge of two other directors, Mr. Noya and Mr. McMenamy.

In June, 1972, an account overdraft facilitated the purchase of 40,000 L & C shares. Substantial loans to Capbourne were made via a number of

other companies or individuals who borrowed funds from the bank and then lent them to Mr. Caplan.

These loans, amounting to £1.2m were made in contravention of Section 54 of the Companies Act. Mr. Caplan's disregard of that Section "shows how derisory is the penalty it provides" according to the inspectors.

One of the most extraordinary aspects of the report is the revelations concerning Mr. Peppercorn, the chartered surveyor who is a close friend of Mr. Caplan. He is described as an "eminent" surveyor by one witness although not on the board of L & C in its later years, he seems to have taken a large part in the running of the company.

Just months before the collapse £5m was lent to Mr. Peppercorn by the bank for the purchase of L & C shares for himself or Mr. Caplan. The main purpose was to buy stock from executives and clients who had been "warehousing" and who would otherwise have suffered losses.

The report includes a corporate map showing how, when the desperate effect to shore up the share price failed, Mr. Peppercorn was relieved of his liability through a tortuous series of transactions involving repayment by private companies who in turn borrowed from L & C.

"In this manner," says the inspectors, "Mr. Peppercorn and Mr. Caplan defrauded L & C (L & C) of substantial sums."

The group, the report explains, through this transaction

Brain-drain fears
discounted by
report on
incomes, p 25

Receiver appointed at Venesta group

By Desmond Quigley

Venesta International, the timber and packaging group and one-time vehicle of young financier Mr. David Rowland, was put into receivership yesterday after a vain attempt had been made to raise the group's £10m overdraft.

The receivership was precipitated by the listing of a formal writ by Groupement des Industries de Matériaux de Construction "calling guarantees given by Venesta International to secure the amount of which it is impossible to pay," a company statement said.

Venesta's shares were suspended at 2 1/2p in December, giving a capitalization of a mere £60,000. A few days later the heavily qualified accounts for the year to the end of March were released which revealed that the group was widely in excess of borrowing limits.

The company's statement yesterday noted that in December, Mr. Rowland, then the chairman, had indicated that United Kingdom bankers did not intend to disturb the existing level of United Kingdom reorganization proposals.

The company added that the trading companies in the United Kingdom were trading profitably and have every expectation of continuing to trade normally.

At the time of the suspension of the shares Williams Hudson, the transport and distribution group of which Mr. Rowland is chairman, was estimated to be 47 per cent of Venesta, but had already written off the investment and had loans of £1.8m out to Venesta.

Venesta apparently came to grief in France where the demand for timber and plywood products collapsed in the autumn of 1973 leading to losses of £8.3m.

Mr. Rowland, who resigned as chairman and a director of Venesta at the end of the year, controls 44 per cent of Williams Hudson through Argo Caribbean, a company based in the Bahamas.

Venesta's apparent came to grief in France where the demand for timber and plywood products collapsed in the autumn of 1973 leading to losses of £8.3m.

£75m public issue by two N Sea consortia

By Anthony Rowley

In what is probably the largest public issue in this country, London & Scottish Marine Oil & Transport, two North Sea consortia, are raising more than £75m towards financing their share of the Ninian field, estimated total cost of £1.138m.

Ninian is the third largest discovery in the British sector of the North Sea surpassed only by BP's Forties field and the Shell/Esso Brent field. It is expected to produce around 15 per cent of Britain's oil needs by the early 1980s.

LSMO and SCOT jointly own 9 per cent of Ninian.

Their present financing exercise provides by far the biggest opportunity that the public has been given so far to invest directly in a North Sea venture.

It also involves the issue of a new kind of financial security called oil production stock which carries the right for investors to participate direct in the consortia's share of oil income from Ninian.

This special profit-sharing stock is being issued in conjunction with conventional unsecured loan stock to encourage investors to accept the fairly high risks inherent in the total financing package arising from weather or other delays.

In this country issues of the size which the two consortia are making are normally undertaken only by state or quasi-state bodies which effectively guarantee their borrowings.

There are 42 large institutional shareholders behind the LSMO and SCOT consortia but between 200 and 300 investment institutions were involved in the sub-underwriting, completed yesterday, of the £75.75m financing package.

Around £50m of this is expected to be taken up finally by the sub-underwriters and the rest by investors at large, including the public. Underwriting was arranged by

Lord Plowden invited to chair equity bank

By Our Financial Editor

Lord Plowden, chairman of Britain's second largest engineering group, Tube Investments, has been invited to chair the first of a series of Equity Investments Ltd, the City Institution's proposed equity bank.

He confirmed last night that he has agreed to give the invitation "serious consideration" if the terms seem sensible, when and if a firm decision is taken on the bank's formation. He said: "I have not been involved in all the negotiations so I do not know when that will be."

Lord Plowden added that he is to retire from Tube Investments in May, when he will be succeeded by Brian Keller, who became deputy chairman and chief executive of the group in mid-1974.

Formation of the equity bank now seems likely despite strong objections from some institutions, notably the Scottish life offices. And if Lord Plowden

agrees to take the helm it will provide a considerable fillip for supporters of the idea, who have always recognized the importance of getting a chairman of the highest stature.

Meanwhile, the debate about how the equity bank should be formed, what its precise role should be and how large its initial capital should be, continues. Another meeting of the working party, made up of representatives from the insurance companies, the pension fund industry, investment trusts and the unit trusts and Finance for Industry, took place yesterday, the second this week.

Afterwards Mr. Ernest Bigland, chairman of the working party and chairman of the British Insurance Association, said he was still quite confident that the equity bank would be formed.

It seems probable that the working party will have reached its conclusions within the next two weeks. It will then be able to produce its final report

How the markets moved

Rises:		Falls:	
Allen W. G.	5p to 40p	Rockhouse J.	8p to 150p
Barclays	2p to 30p	Relax Coem	1p to 20p
Barclays Grp	4p to 35p	Roots	1p to 13p
Barrack Oil	6p to 42p	Broken Hill	5p to 38p
Dunlop Hldgs	4p to 80p	Domestic & M.	5p to 42p
Fisons	2p to 21p	Gulmar	5p to 140p
	10p to 40p	Hoover	7p to 32p
Equities went ahead in thin trading.			
Gilt-edged securities had another good day.			
Sterling gained 13 points to \$2.030. The "effective devaluation" rate was 29.9 per cent.			
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The Times index: 168.51 +1.84

The FT index: 408.7 +4.1

THE POUND

	Bank	Bank
	buys	sells
Australia \$	1.67	1.61
Austria S	38.25	36.25
Belgium F	83.50	80.50
Canada \$	2.07	2.02
Denmark Kr	16.00	15.40
Finland Mk	7.75	7.50
France F	9.30	9.00
Germany Dm	5.40	5.25
Greece Dr	80.00	75.00
Hong Kong \$	10.00	10.00
Italy L	165.00	158.00
Japan Yn	640.00	615.00
Netherlands Gld	5.55	5.35
Norway Kr	11.55	11.20
Portugal Esc	68.00	60.00
Spain Ptas	2.24	2.00
Sweden Kr	125.00	119.50
Switzerland Fr	9.10	8.80
US \$	5.40	5.20
Yugoslavia Dnr	5.27	37.00

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London, E.C.1

THE FINANCIAL EDITOR

PS—a new animal for investors

Issues of the PSOT are a sweetener to a beleaguered company.

The Oil Production Company is a new animal for investors. It is a company that has been set up to produce oil from the North Sea.

The company is a new animal for investors. It is a company that has been set up to produce oil from the North Sea.

The company is a new animal for investors. It is a company that has been set up to produce oil from the North Sea.



Sir Gerald Thorley, chairman of British Sugar Corporation, still waiting for the return.

by heavier depreciation charges—up from £18.7m to £19.4m—interest charges up £1.6m to £1.8m and heavy currency exchange losses, particularly on the Brazilian cruzeiro and the Deutsche mark.

Having now come to the end of a five-year investment programme, St Gobain's capital and portfolio investments during the year amounted to £1.65m, compared to £1.74m in 1974. But, reflecting the general trading downturn, consolidated cash flow fell to £1.01m from 1974's £1.69m.

St Gobain now forecasts an increase in group turnover for 1976 of 10 per cent in real terms, and is optimistic about prospects for an early recovery in industrial activity in both France and Germany, two markets which between them account for more than 80 per cent of group sales.

stanny roots) of low sugar content. The setback is a "great disappointment" to BSC, which earlier in the year was hoping for one million tons in production and it underlines the extent to which the group's profits are dependent on "act of God".

At present levels of processing BSC is not far off the break-even point: volume and profitability are, says the new chief executive, John Beckett, "critically related". On a good throughput the group, presently beginning on a five-year programme to expand its capacity from 950,000 to a potential 1.4 million long tons, is on outside estimates already capable of turning in over £20m pre-tax but it is too early yet to tell whether 1976 will produce the crop in support such a performance.

Certainly the group has been offered a record acreage for best planting, and initial soil conditions are generally good: on the other hand the mildness of the winter so far will have encouraged pests. The fact that the shares are very tightly held adds piquancy to the situation. But I would not be a buyer yet.

Final: 1974/75 (1973/74)
Capitalization £34.5m
Sales £116m (£141m)
Pre-tax profits £7.65m (£14.4m)
Earnings per share 38.8p (62.7p)
Dividend gross 13p (11.8p)

With both copying and offsetting, sales higher, and stencils managing to maintain volume, turnover more than kept pace with inflation, with a rise of nearly a third to £18.9m. But trading margins, dropping from 12.5 to 9.9 per cent.

The conclusions of the third report of the Diamond commission on the distribution of income and wealth, are not political dynamite. Far from showing that the rich have become richer in recent years they indicate that the top paid have not only lost ground relative to other groups but, more interestingly, that their real living standards have actually declined.

Real take-home pay for most senior management jobs declined between July 1969 and July 1975. The decline at the £10,000 a year level was 17 per cent, while at the £20,000 a year level it was 25 per cent. Moreover, the fall was not gradual, but was concentrated in the last two years of the period.

Although the latest period has been rather exceptional the trend is not new. For the top 0.1 per cent, employment income fell by 15 per cent in real terms over the 15 year period from 1959-60 to 1973-74. For the top 0.1 per cent it fell by 2 per cent.

Some criticism of the methods adopted by the Royal Commission seems inevitable, although its members could fairly argue that limitations of the statistics left them no choice. For example, the assumption on which the calculations of real incomes over the 1959-74 period are based is that tax was paid at the rate appropriate for a married man with two children and no other allowances.

Of course, the assumption is unrealistic as any highly paid person takes advantage of a wide range of allowances, particularly those on mortgage interest payments. But the report suggests that excluding them makes no difference to the analysis of trends unless resort to tax allowances increased substantially over the period. Information on the extent of tax allowances among the top paid is lacking.

It should also be emphasized that the report does not deal with the self-employed or with those who have made large capital gains. It is concerned solely with employment incomes. The two favourite capitalist bogymen of the left-wing in the 1970s—the tax-dodging small businessman and the property speculator—do not make an appearance.

The report deserves a great deal of space to fringe benefits and notes, with characteristic restraint, that they are "a sensitive subject" because "they appear to those who do not have them to give a privileged access to a life-style denied to others".

It demonstrates that the common belief that fringe benefits are an important income supplement for the highly paid is correct. For those on salaries in excess of £10,000 a year the cost to employers of fringe benefits and allowances is between 25 and 30 per cent of the salary cost alone.

However, the commission was unable to obtain evidence that fringe benefits have grown faster in recent years than basic salaries. It therefore did not feel that it was necessary to insert a proviso on this score to its main conclusion that top incomes have declined in both absolute and relative terms.

But, if the advocates of "soak the rich" tax and incomes policies are going to be disappointed by the report, those who argue that Britain will lose senior management talent unless top incomes are raised will also find little support for their view.

The commission pours a bucket of cold water on the claim that large numbers of managers, scientists and engineers are emigrating to other countries to escape high marginal tax rates, exorbitant school fees and the other curses of executive living in Britain. Emigration figures do not go beyond 1973, but the report remarks tersely: "So far as they go they do not justify claims made on these grounds for the increase of percentage differentials".

Indeed, it goes further than this. There is an international labour market for the highest level of managerial talent is not an argument, the report suggests, for discriminating in favour of those who might be captured by it.

"We accept the view put to us in evidence," it says, "that the lower level of wages and salaries as a whole in the United Kingdom is in the main a reflection of comparative national prosperity and that it is not in general possible to insulate one section of the com-

munity from the lack of national economic growth". The statistics on top management salaries in leading industrial economies are, in some respects, surprising. United Kingdom managerial salaries are beneath those in North America, France and Germany, but they are at roughly the same level as in the Netherlands and Australia and above those in Sweden.

This evidence contradicts the frequently made assertion that executive salaries are lower in Britain than in any other industrial country. Even more striking is the size of the differential between managerial salaries and average incomes in Britain and elsewhere. The differential is greater in Germany and France than in Britain, but much less in Sweden and The Netherlands.

On this basis, if British managers have lost ground compared to other groups in the community, they still have quite a long way to go before their social and income status has been eroded to the Dutch or Swedish level.

It is possible that these rather unexpected comparisons between Britain and other countries reflect a statistical illusion. All of the countries against which the British salaries stand up quite well are small, with the necessary consequence that the largest companies are smaller than here, in the EEC and in North America.

If salaries are linked to turnover, a further consequence is that the highest level of managerial salaries will be lower in small than in large countries. This may be why Britain comes out reasonably well against Sweden and The Netherlands, but, if so, the conclusion reached by the commission is misleading.

On the larger issues, such as the social and economic reasons for and justifications of high incomes, the report itself has nothing very profound to say. It does not need a Royal Commission to tell that salary determination "cannot be an exact science". But the agnosticism, if infuriating, is also understandable.

The difficulties in these areas are notorious and it is usually impossible to decide where opinions end and facts begin. Only in an addendum to a paragraph signed by three businessmen members of the commission and immediately christened "the minority report", are any judgments about the desirability of top incomes ventured.

"We feel that it is essential that the problem of rewarding managements adequately should be recognized and dealt with as soon as possible. We consider that unless this is done, the vital contribution which successful managers can make to the prosperity of industry and commerce and through this to a further rise in the general living standard will be imperilled."

There are few who could disagree with that.

Tim Congdon

Fears of a new brain-drain discounted by Royal Commission on incomes

Factors behind the collapse of London and County Securities

Rise and fall of a secondary bank



Mr. Gerald Caplan, chairman of the ill-fated London and County Securities.

of thoroughly known institutions such as the accepting houses and the clearing banks, they were quite inadequate for the task of supervising the host of new institutions that emerged to prominence under the benign policies of CCC.

The clearing banks, by inclination and training, were ill-equipped to respond rapidly to the changes in the banking system which the clearers were so loath to fill were occupied by a new generation of bankers to whom many conventional banking standards were part of an outdated and defunct era.

It should be remembered, however, that it was not just the fringe bankers who felt such optimism. A series of heavy loan loss provisions are testament to the fact that some in the clearing banks were also prepared to compromise on established practices. Some London-based foreign banks were likewise carried away in the general euphoria.

The cynical might, indeed, argue that the only difference between the fringe banks and such respectable institutions was that the fringe banks were younger and hence lacked the depth of reserves that their

senior brethren were able to muster when the going got really rough.

Comments to many of these institutions was a refusal to believe that the stimulus rendered to the value of properties and shares by an abnormally liberal money supply policy could be reversed.

Whereas the fringe banks diverged from the older banks in their willingness to act without restraint on their convictions. Thus they were frequently prepared to lend up to 80 per cent or even 100 per cent of the value of assets being acquired, much higher percentages than the clearing banks would normally tolerate.

As the inspectors' report briefly points out, the risks were exacerbated by a wide spread abandonment of the concept of matching loans against deposits. All banks borrow short and lend long, but the risks implicit in this practice can be reduced by various measures which, in general, the clearers continued to observe and the fringe banks did not.

Maintaining a relatively high level of liquidity is perhaps the most obvious first defence, but, as some found, is ultimately insufficient in itself to counter a major run on deposits. More significant was that the fringe banks lacked the secure and stable current account/deposit account resources of the clearing banks.

Not only were their deposits of short maturity, but they were also drawn very largely from the interbank market, a potentially volatile source of funds which could—and did—pull out its money at very short notice once troubles were detected. Despite extensive advertising efforts and highly attractive rates it was excep-

tional for a secondary bank to derive as much as a fifth of its funds from small depositors.

As long as values continued to rise there was no reason to doubt the soundness of the fringe banks, but once values began to decline as they did during 1973 the gaps in the structure began to be exposed. In many cases it required only quite small falls in property values for loans to lack sufficient asset cover.

Moreover, at the same time that values were falling marketability was also slipping. Particularly where second line properties were concerned it became virtually impossible to realize assets without depressing prices alarmingly. As the cover for loans disappeared, so also did the banks' exposure to losses rise.

In London & County's case, it is clear from the report, efforts were taken to make both the profit and loss account and the balance sheet look sounder than they were.

The report goes so far as to suggest that "the practice of inflating cash balances over the year end dates may be followed on a wider scale than is generally realized". But such tactics only served to delay the final day of reckoning.

For a time the scale of the problem was misunderstood. The Bank of England and the clearing banks, which relied to the support of the collapsing fringe banks in an attempt to ensure that "innocent" depositors were not hurt, apparently believed in those early days of 1974 that the banks only needed tidying over a temporary bad patch and thought that most of them would thereafter recover.

Only later did the true depth of the problems become apparent and come to be read the situation wrongly. But by that time the "lifeline" had put too far out to sea to be recalled and not until the support operation had reached a colossal £12,000 did the clearing banks finally call a halt.

The rescue is far from over. A number of lesser banking names have disappeared or are in the process of disappearing. Others, like Bowmaker and Mercantile Credit, have freed themselves from the lifeline by various means.

But one or two major problems remain, chiefly in the form of United Dominions Trust and First National Finance Corporation—ironically, one of the rescuers of London & County—as an ever present reminder of the hazards of forgetting basic banking rules.

Meanwhile, however, the Bank of England has taken a number of steps to make sure that there can be no repeat of the secondary bank crisis. In July, 1974, the Bank set up a separate department responsible for banking supervision under Mr. George Blundell.

Lines of communication with all banks have been much strengthened and the Bank is requiring more information about the inner workings of banks than it used to. It has reassessed the criteria it adopts when looking at the soundness of banks and it is now looking at the most tricky issue of them all, namely what a bank is and what it should be allowed to do. Such are the ramifications that stemmed from the London & County collapse.

Christopher Wilkins
Banking Correspondent

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Business Diary: Leach and Rothschild's part • Buffet stock

ist of the new rate finance merged in the size 196 for 43. Leach, the mer- which he has rs. He is to afra's Trade as a general

se seen in the l one. Leach, easo side of le for Roths- stries, had id the bank's ument, and figure in one e most active banks in the Eurocurrency

ment Bank, the interna- although with emphasis, that the centres are York, where olling interest al Bank, and ices lies with ach, however, least for the ndon, where , and be anti- be develop- in the London

Harroviau who xford, says be f going to a far been suc- assets of over net worth of 2 which may nalyze a little his departure where Lord ned the chair



Rodney Leach

last year, has nothing to do with changes there. Observers have, however, suggested that the Rothschild name has been rather less in evidence in the Euromarkets during 1975 than hitherto.

To some extent, the bank was caught up in the fuss about the Arab "blacklist" of Jewish institutions, although S. G. Warburg, its great rival, which was involved in the same fuss, has recently been among the most active of issuing banks in the Eurobond market.

Buffet state

George Hill, for seven years the man behind any improvement noticed in the standard of railway station catering, is quitting as chairman and managing

director of British Transport Hotels, an accountant is thought to be heading for a board-level private sector chair, but is not yet prepared to say where, although there is a suggestion that it is in the drink industry.

He will be moving out at the end of next month, and his successor as chairman but not as managing director will be Bert Farrimond, British Railways Board member for personnel and industrial relations.

Hill, who came from BP Chemicals, where he had been head of planning, nursed the 30-strong BTB "hot" chain through one of the worst periods in the industry's history. In 1974 the division made a £700,000 profit, compared with BR's overall loss of £157m.

Hill also overhauled the station catering section, seeking to root out what he calls "Aunt Sally's curlicue sandwiches". Buffets were revamped without recourse to outside funds, and this year's Egon Ronay Dunlop Guide has some nice things to say about catering at Euston, Victoria and King's Cross.

Cheer man

Dick Kautz, who has some cheerful things to say about Britain, cannot be accused of "going native" like some of those American newspaper correspondents who've started sending back mildly optimistic reports from London.

Kautz flew in from the United States yesterday on the first leg of a European tour that kicks off today with talks at the CBI and continues with

meetings in Geneva with Gatt and in Paris with the economic section of the OECD.

He's chairman of the National Association of Manufacturers, perhaps the nearest the Americans get to our CBI. Like the CBI, Kautz and the NAM are free-traders, against import controls and in favour of growth, but not too much of a boom "this year".

Kautz says that there's still wide scope for United States investment here, and adds: "At present your capital recovery system and tax laws are better than those prevailing in the States."

One thing the third Diamond Report shows is how far we have to go before equal pay and opportunity becomes a reality rather than a far-off hope for women. In the 1973-1974 year, the report shows, the number of women with employment incomes of at least £10,000 or more at 1974-1975 prices was about 1,200 or less than 2 per cent of the total at that level.

Among that male 98 per cent or so is, of course, Lord Diamond himself, who receives £16,080 a year for his pains with the commission.

Holiday gambol

Reg Pycroft, managing director of tour operators Jetset and an apostle of cheap transatlantic charter travel, is about to embark on one of his longest hauls to date—holiday retailing. Pycroft started Jetset three years ago as an advanced booking charter company using

scheduled airlines, and this year expects to carry about 110,000 people.

Tour operators are perennial optimists, and Pycroft appears to be no exception. He is undaunted by the many reports of travel agents being forced out of business by rising costs and falling sales in the past year or two.

The Association of British Travel Agents is unable or unwilling to say how many of their retailer members have fallen by the wayside, but the latest membership figures show 83 fewer than in August, 1974.

Although it is more common for travel agents to become tour operators than the other way around, Pycroft plans to open six agencies under the name Jetset Travel, of which one will be in central London.

The offices, which will deal both in the company's own holidays and those of other firms, will not only have to be made to pay.

There is also a risk that other travel agents handling Jetset charters and a new range of inclusive holidays could be stung into boycotting the firm.

It's an ill wind . . . William Hirsch, chairman of the Tie Manufacturers' Association, reports "staggering" post-Christmas tie sales. Whereas some people might put this down to sale reductions, Hirsch cites unemployment and the need to look smart at job interviews.

Mr Caplan's part in the failure of London and County

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

NEWS AND MARKET REPORTS

Well confident after
pswing, bigger payout

Net profits climbed from £87,000 to £105,000, but the interim dividend is 1.25p again. The group recently bought W. F. Controls, a designer and maker of control systems for heating, ventilating and process industries.

Simonside awaits
oil talks outcome

Announcing a change of year end with an extended period to March 31, next, in an interim statement for the 12 months to December 31, Simonside Investment says that by the end of March the Minsid group of companies, including the Scottish Marip Oil will have completed negotiations with the Government on its future participation.

LSMO owns, among other things, 15 per cent of Block 3/8 in the North Sea, "one of the most exciting in the North Sea". But a realistic value, says Simonside chairman, Mr. E. Butler-Brown, of the company's holdings (40,000 shares and £1,000 15p paid) awaits the conclusion of the negotiations. This LSMO holding, the board believes, represents a substantial portion of the company's assets.

Thanks to losses in dealing commodity futures and investments, Tossion Securities has been sold for £50,000 cash resulting in a loss of some £50,000, which has been written off.

In the year to December 31 the group net deficit before tax was £15,000 against a profit of £78,000. Income estimates for the 12 months ahead show there will be sufficient to pay a dividend of 1.05p gross compared with 1.3p.

Stony second half
for Plastic Const

After an 18 per cent advance in the first half year, Plastic Const's second half was not so good. The group's second half profit rose by only 3 per cent to £332,000 in the 12 months to September 30. Turnover, however, improved from £4.6m to £5.2m, but earnings per share fell from 1.14p to 9.24p. The total payout goes up from 4.01p to 5.2p.

In the opening three months of the present year, turnover beat that of the same quarter the year before even though trade was hard.

UU Textiles starts
drastic surgery

Loss-maker UU Textiles has taken drastic steps to cut out unprofitable activities and reduce the size of the group. These include the closure of sale of Juxitec (Eccles) and Grosvenor Fashions. Both made big losses last year to May 31. If they are sold, the group will start with a smaller base and mean about 315 redundancies.

Contracts have also been exchanged with Hall & Earl for the sale of Juxitec (Windsor) for about £240,000 cash. All this

Briefly

PETROFINA SA. Brussels consolidated 1975 net profit of £43m (5,015m francs). Proposed net dividend 170 francs (same). Petrofina said in view of the group's favourable prospects it proposes a free one-for-two share issue. —Reuters.

KLM ROYAL DUTCH AIRLINES. In third quarter (to December 31), net loss was cut from 19.6m fl (£3.62m) to 300,000 fl (£55,000). First nine months, net loss was 33.9m fl, against loss of 10.8m fl last time. —Reuters.

HUGHES TOOL. Sales for 1975 up from \$210.64m to \$347.38m (£174m). Earnings up from \$2.34m (£1.97 a share) to \$43.42m (£3.41).

MANSON FINANCE TRUST. Net profit before tax for six months to October 31, £259,000 (£215,000). Board confident year's results will be "satisfactory".

W. H. SMITH. Company has completed acquisition of two retail shop properties in York and Coventry, the first from Marks and Spencer, the second from Langford Property, for a total of £400,000 in shares.

DAVID DIXON. Turnover for half-year to September 30, £120.2m (£117,000). Board reports that conditions continue to be "very difficult", although current signs are slightly more encouraging.

TOLLMACHER & CORBOLD. The company has reduced its borrowings and improved liquidity during a year when inflation was

hardly causes for concern about the strength of the group. Excess To a large extent the profit declines reflect the absence of the huge one-time stock profits produced by the sudden Opec oil price upheaval, that resulted in the overall profit gains by the companies in 1974. Other key factors to depress profits were higher recession and greater consumer efforts at conservation.

Mr. Jerry McAfee, new chairman of Gulf, noted that the most striking feature of his company's results was the steady upward trend of United States earnings and the progressive declines in foreign earnings, which resulted in 68 per cent of net profit coming from the United States, against 38 per cent in 1974.

Probably the most serious long-term blows to the companies were struck by the United States Government. They had not really expected the depletion allowance to be eliminated. Further, the failure of Congress to decontrol domestic United States oil and gas prices and Mr. Ford's sudden change of heart in accepting Congress's decision, was a bitter disappointment—one that could seriously hurt their United States profits this year. It will be more than offset, however, by the incipient upturn in world demand.

Looking further ahead, the greatest worry to the industry is the growing pressure in Congress for dramatic action to break up the giants, through a series of major anti-trust actions.

Stock markets

Gilts take MLR cut almost for granted

Though business was by no means brisk, the London stock market maintained its firm tone yesterday and the FT index reached another two-year "high" of 408.1, a net gain of 4.1.

But this time much of the interest switched to second-line stocks and the industrial leaders—by recent standards—were largely overlooked. It was not so much the hope of a single factor, but the hope of lower interest rates, in particular a cut in Minimum Lending Rate, the unemployment situation and the implication for profits of an easing of the price code, which played a part in the general sentiment.

Early in the day a placing of more than 25m of new shares was easily absorbed by between 40 and 50 institutions at 38p. This was a 5 per cent discount on the market. The sale is said to be by family trusts. At the close, Inchcape shares had dipped 7p to 395p.

Gilts had another good day. They have now been rising with only brief interludes, for about a month and a half, said that the atmosphere in the market in the afternoon was almost euphoric. The general expectation of a decline in Minimum Lending Rate today was one influence.

GHH profits
fall but
uplift sighted

From Peter Norman Bonn, Jan 29

Europe's largest engineering concern, GHH, said net profits tumbled from DM8.8m to DM6.3m (£12m) for the year to June 30. Last month the group disclosed that turnover had fallen by 5.5 per cent to DM9.87m. Dr. Manfred Leuning, chief executive, told reporters in Oberhausen, that earnings in the current year had shown some signs of improvement but there was still no evidence of a durable upturn in business, either in West Germany or abroad.

Overseas

Reviewing the first half of the current year to December 31, Dr. Leuning revealed that net profits fell by 2.1 per cent to DM5.77m. However, turnover rose by 2.4 per cent to DM4.58m, with exports accounting for 40 per cent (38 per cent) of the total. He gave no indication of the dividend for the full year, though it will have to be paid on capital up from DM2.25m to DM3.63m. Traditionally, GHH pays DM7 a year.

Dr. Leuning stressed that the group is concentrating on staying competitive in export markets, in view of the limited potential of the home market.

Siemens planning
rights and
convertible loan

After rising for four years, group net profit of Siemens AG fell to DM4.82m (£8.7m) in the year to September 30, from DM5.04m the previous year, writes Peter Norman.

However, according to a statement, Siemens will once again hold the dividend at 18 pence on the increased capital. After increasing its pension fund payments, the West German electrical giant intends to put DM1.63m to open reserves against DM2.7m.

Siemens is seeking permission from shareholders for further measures to raise capital in the period to 1981.

The board wants to issue up to DM200m nominal of new shares in a rights issue in the ratio of one-for-10 at a price of not more than 200 per cent. Permission will also be sought for a convertible loan of up to DM500m which would be offered to shareholders in a ratio of one unit of convertible loan for every four shares held. This is also a plan to offer up to DM100m nominal of shares.

Montedison group sales
down by 9.7 per cent

From John Earle Rome, Jan 29

Montedison, the Italian chemicals and fibres giant, today reported that group sales at 3,518,000 lire (£2,212m) in 1975 were 9.7 per cent lower than in 1974. Sales reflected generally lower output and falling prices due to unfavourable conditions at home and abroad. The periodic letter to shareholders reported a 28 per cent fall in sales in the petrochemical division. Among the few sectors to show improved results were pharmaceuticals and the financial subsidiaries.

Lend Lease upturn

Australia's biggest property concern, Lend Lease Corporation, reports a 19 per cent improvement in pre-tax profits to \$10.4m (£5.2m) for the first six months to December 31. Operating profits rose from \$4.1m to \$4.7m and sales jumped by 33 per cent to \$131m. The interim dividend is 6.25 cents again. Total reserves went up by \$3m to \$46.2m. Mr. Gerard Dusseldorp, chairman, says borrowings have been cut to a new low and he predicts that second half profits will outstrip the first half yearly result.

from British Sugar left the shares unchanged at 345p after an early 5p fall, RHM firmed 2 1/2p to 53p on the forecast at the annual meeting while Fitch Lovell added a penny to 59p ahead of today's figures.

Burmah Oil, spurred by speculative buying from across the Atlantic, was the most active share of the day and ended 6p to the good at 42p. The other majors, though, were subdued with BP untouched at 58p and Shell in a thin market, going ahead 6p to 382p.

Interest is growing in British Land's 9 1/2 per cent loan stock dated 1978. This is now around 66. So there is a running yield of 14.4 per cent and a good capital profit maturing, quickly if all goes well, as it has done so far.

The shipping sector was not left out. P & O advanced another 3 1/2p to 117 1/2p and Ocean 2 1/2p to 44p. With investors realizing the benefits of a higher dividend and ships on time charter, Walter Runciman is climbing back to the 135p level and gained 3p to 131p. London & Overseas Freighters traded firmly at 40p, with dealers talking of a bid, change of domicile, the likely sale of two new tankers, which are laid up, and higher-than-expected compensation for the unrequited

Latest dividends

Company	Ord. Div.	Year	Pay date	Year's Prev.
W. G. Allen (25p) Int	0.85	2/4	—	2.31
Ashted Oil Int	42.5c	37.5c	1/3	1.50
Baker (25p) Fin	0.75	0.75	0.89	0.83
BR Sugar Corp (11p) Fin	4.22	3.95	1/4	8.44
Danjaun (25p) Int	1.13	1.17	1/4	2.95
David Dixon (25p) Int	0.87	0.87	2/3	2.27
Gestetner (25p) Fin	1.64	1.51	3.21	2.95
Greenfriar (25p) Fin	1.00	0.95	2/3	1.00
Howard Mott (25p) Fin	1.08	1.08	1/4	2.03
Lawson Fin (15p) Int	2.0	2.0	—	7.0
Y. J. Lovell (25p)	2.11	1.97	—	2.11
Manson Finance (25p) Int	1.5	1.5	2/2	3.25
Midland Trust (25p) Int	1.10	1.07	2/2	2.68
Peak River (25p) Int	5.6	5.6	2/4	17.5
Plastic Cons (10p) Fin	2.38	1.95	—	3.38

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross, multiply the net dividend by 1.54.

French losses
jolt Brockhouse

The French interests of J. Brockhouse have proved even more disappointing than expected and the shares in this engineering group fell yesterday. Mr. Arthur Chamberlain, chairman, told the annual meeting that so far this year (to next September) all home companies had performed well in difficult times with budgets "well exceeded". But further severe French losses had come to light which could amount to £500,000.

In the preceding year pre-tax profits fell below the forecast of a similar outcome. They dropped from a record £3m to £2.7m. Happily, the balance sheet is in better shape than many others in the same sector.



Bankers Trust Company

MEMBER OF BANKERS TRUST NEW YORK CORPORATION

CONSOLIDATED STATEMENT OF CONDITION, DECEMBER 31, 1975

ASSETS	
Cash and due from banks	\$ 2,051,486,000
Money market investments	
Interest bearing deposits with banks	3,965,435,000
Other investments, including federal funds sold	274,186,000
Trading account securities	286,110,000
Investment securities	
U.S. Treasury	356,553,000
U.S. government agencies	128,815,000
States and political subdivisions	613,392,000
Other	131,452,000
Loans, less reserve for possible loan losses of \$77,979 and \$83,718, respectively	10,280,307,000
Premises and equipment	107,862,000
Customers' acceptance liability	628,745,000
Accrued income receivable	181,958,000
Other assets	438,991,000
Total assets	\$18,425,404,000
LIABILITIES	
Deposits	
Demand	\$ 5,515,392,000
Time	4,145,094,000
Foreign offices	8,558,325,000
Total deposits	18,218,811,000
Funds borrowed	1,202,000,000
Acceptances outstanding	634,431,000
Accrued expenses and taxes	227,863,000
Other liabilities	279,593,000
Long-term notes and debentures	14,591,000
Total liabilities	\$18,577,289,000
STOCKHOLDER'S EQUITY	
Common stock	90,886,000
Capital surplus	501,009,000
Undivided profits	256,220,000
Total stockholder's equity	848,115,000
Total liabilities and stockholder's equity	\$19,425,404,000

DIRECTORS

ALFRED BRITAIN III

Chairman of the Board

JOHN W. HANNON, JR. President

LEE S. BICKMORE

Chairman of the Executive Committee, Nabisco, Inc.

HOWARD W. BLAUVELT

Chairman of the Board and Chief Executive Officer, Continental Oil Company

JOHN W. BROOKS

Chairman and Chief Executive Officer, Celanese Corporation

JOSEPH F. CULLMAN, 3rd

Chairman of the Board, Philip Morris Incorporated

WILLIAM M. ELLINGHAUS

President, New York Telephone Company

RICHARD L. GELB

President and Chief Executive Officer, Bristol-Myers Company

JAMES E. GIBBONS

Sackman-Gilliland Corporation

PAUL A. GORMAN

Director and former Chairman of the Board, International Paper Company

VERNON E. JORDAN, JR.

Executive Director, National Urban League, Inc.

RICHARD A. LENON

President and Chief Executive Officer, International Minerals & Chemical Corporation

JACQUES G. MAISONROUGE

Chairman of the Board, IBM World Trade Europe/Middle East/Africa Corporation

PLATO MALOZEMOFF

Chairman of the Board, Newmont Mining Corporation

WALTER A. MARTING

Chairman of the Executive Committee, The Hanna Mining Company

WILLIAM F. MAY

Chairman and Chief Executive Officer, American Can Company

DONALD F. McCULLOUGH

Chairman of the Board and Chief Executive Officer, Collins & Aikman Corporation

WILLIAM H. MOORE

Former Chairman of the Board, Bankers Trust Company and Bankers Trust New York Corporation

CALVIN H. PLIMPTON, M.D.

President, Downstate Medical Center, State University of New York

FRANCIS G. ROONEY, JR.

President and Chief Executive Officer, Melville Shoe Corporation

WILLIAM P. TAVOLAREAS

President and Director, Mobil Oil Corporation

WALTER N. THAYER

Partner, Whitcomb Investment Company and President, Whitney Communications Corporation

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

